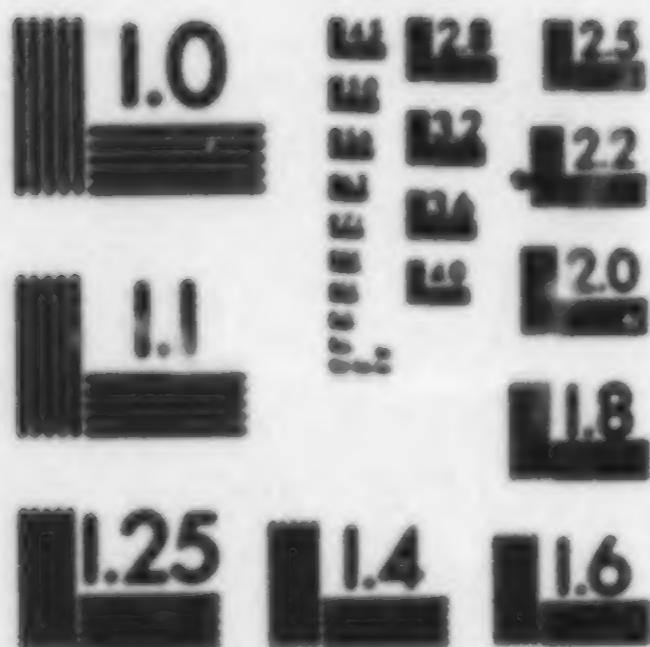


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East Asia

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March 1996

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Daily Report

East Asia

FBIS-EAS-96-045

CONTENTS

6 March 1996

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

Philippines President Ramos Discusses 'Asian Paradigm' [BUSINESS DAY 4 Mar]	1
France's Chirac Holds Post-ASEM News Conference [French Ministry of Foreign Affairs WWW]	1
France's Chirac's Post-ASEM News Conference Viewed [Paris LIBERATION 4 Mar]	4
PRC, French Positions on Nuclear-Free Zone Treaty Reported [THE SUNDAY POST 3 Mar]	4

NORTHEAST ASIA

Japan

Japan: 'Senior' Official: Talks With U.S. Needed on Chip Pact [KYODO]	6
Japan: Editorial on Renewal of Semiconductor Accord [SANKEI SHIMBUN 3 Mar]	6
Japan: Mondale Criticizes Consensus-Based Deregulation [KYODO]	7
Japan: Envoy Says PRC-Taiwan Row Poses No Threat to Base Talks [KYODO]	7
Japan: Governor Ota, Cabinet Ministers Slated To Meet Mid-Mar [KYODO]	7
Japan: Article Views Illegal Land Use in Okinawa [OKINAWA TIMES 1 Mar]	8
Japan: Jail Sought for U.S. Servicemen in Misawa Shooting Case [KYODO]	9
Tokyo Proposes Nuclear Powers Pay More for Peacekeeping [KYODO]	9
Japan: MOFA on Recent International Terrorist Attacks [Japanese Ministry of Foreign Affairs WWW]	9
Japan: Hashimoto Pledges Economic Aid to Developing Countries [KYODO]	10
Japan: Moscow Proposes Yeltsin-Hashimoto Video Conference [SANKEI SHIMBUN 4 Mar]	10
Japan: MITI Announces Trade Insurance Accord With Germany [Japanese Ministry of International Trade and Industry WWW]	11
Tokyo Seeks Cooperation With Europe in Asian Market [ASAHI SHIMBUN 29 Feb]	11
Japan: MOFA on Terrorism, ASEM, PRC Missile Test [Japanese Ministry of Foreign Affairs WWW]	12
Japan: Hashimoto Orders Check on Effects of PRC Missile Tests [KYODO]	15
Japan: Government Urged To Clarify Roles in Asia [ASAHI SHIMBUN 29 Feb]	15
Japan: Background of Hashimoto-Kim Meeting Viewed [YOMIURI SHIMBUN 29 Feb]	16
Japan: Banks To Accept Government's 'Jusen' Liquidation Plan [KYODO]	17
Japan: Leading Banker: No Hard Commitment on Cost-Cutting Demand [KYODO]	17
Japan: Proposal Made To 'Freeze' 'Jusen' Liquidation Budget [NIHON KEIZAI SHIMBUN 1 Mar]	18
Japan: Coalition Making Last-Ditch Effort To Pass Budget [KYODO]	19
Japan: Industrialists Criticize Additional 'Jusen' Scheme [KYODO]	19
Japan: Nikkeiren Leader Criticizes Additional 'Jusen Scheme' [KYODO]	20
Japan: Major Osaka 'Jusen' Debtor Draws Loans From Nonbanks [KYODO]	20

North Korea

DPRK: Kim Chong-il Attends Military Band Performance 3 Mar [Pyongyang Radio]	21
DPRK: Sopyoagyang Plant Solves Problems Using Taean Work System [MINJU CHOSON 9 Nov]	22
DPRK: Successes of Metallurgy Research Scientists Reported [MINJU CHOSON 17 Nov]	23
DPRK: Research Scientists Develop New Thrombosis Medicine [MINJU CHOSON 24 Nov]	24

South Korea

ROK: U.S. Customs 1995 Seizures of Counterfeit Goods Reported [THE KOREA TIMES 28 Feb]	25
--	----

ROK: U.S. Provides Documents Related to Kwangju Uprising [YONHAP]	26
ROK: Motorola To Transfer TRS Technology to Kia Motors Corporation [THE KOREA TIMES 6 Mar]	26
ROK Editorial Questions Consistency of U.S. Policy Toward DPRK [SEOUL SINMUN 6 Mar]	27
ROK Religious Groups: Reunification Most Important Mission [YONHAP]	27
ROK: N-S Trade Exceeded \$300 Million for First Time in 1995 [YONHAP]	28
ROK: DPRK 'Ultimately' To Accept Railway Link With South [YONHAP]	28
ROK: Environmental Deterioration Possible Cause of DPRK Food Crisis [HANGYORE SINMUN 3 Mar]	28
ROK: Significance of Message Exchange on Crewmen Viewed [HANGYORE SINMUN 5 Mar]	29
ROK: Hashimoto Sees No Early Resumption of Talks With DPRK [YONHAP]	29
ROK: Japan Seizes ROK Squid Boat for Infiltrating Its Waters [CHOSON ILBO 2 Mar]	30
ROK: Japanese Envoy on DPRK, Policy Toward Korean Peninsula [CHOSON ILBO 5 Mar]	30
ROK: Diplomatic Conflict With Japan 'Remains' [THE KOREA HERALD 6 Mar]	31
ROK: 'Many' Russians Allegedly Support ROK Position on Tokio [SEOUL SINMUN 26 Feb]	32
ROK-Russia Groups Sign Protocol on Economic Cooperation [THE KOREA TIMES 27 Feb]	32
ROK: Singapore President Hosts Dinner for Kim Jong-sam [YONHAP]	32
ROK: Ssangyong Wins Contract To Build Hotel in Kuala Lumpur [YONHAP]	33
ROK: British Premier Agrees on Need To Expand Business Ties [THE KOREA HERALD 6 Mar]	33
ROK: British Premier Attends Signing of Joint Business Accord [THE KOREA HERALD 6 Mar]	33
ROK Denounces Recent Terrorist Attacks in Israel [YONHAP]	34
ROK, India To Sign Accords To Strengthen Relations [YONHAP]	34
ROK: Dutch Trade Delegation To Study ROK Economy [YONHAP]	34
ROK: NCNP Replaces Incumbent Legislators on Nominees List [YONHAP]	35
ROK: NKP Chairman Vows To End Political Era of 'Three Kims' [YONHAP]	35
ROK: NKP Inaugurates Central Electioneering Committee [YONHAP]	36
ROK Editorial Says Party Campaign Pledges Meaningless [The Digital Chosun Ilbo WWW]	36
ROK: Foreign Banks To Have Easier Market Access in 1996 [YONHAP]	37
ROK: Current-Account Deficit Hits All-Time Monthly High [YONHAP]	37
ROK: Intense Competition in Telecom Industry Reviewed [THE KOREA HERALD 6 Mar]	37
ROK: KFTA Plans International Information Superhighway [YONHAP]	40
ROK: Income Gap Increase Between Wealthiest, Poorest Reported [THE KOREA HERALD 24 Feb]	40
ROK: Samsung Electronics Succeeds in Localizing 'Dry Etcher' [YONHAP]	41
ROK: Direct Overseas Flights From Provincial Airports Increase [YONHAP]	41
ROK Environment Ministry Cites 504 Businesses for Violations [THE KOREA TIMES 1 Mar]	41
ROK Proposes Creation of 'Asian Atomic Energy Safety Council' [YONHAP]	42
ROK: KBS To Begin Satellite Broadcast Tests in Jul [Seoul TV]	42
ROK: Trials of Defendants in Kwangju Uprising Scheduled [YONHAP]	43

SOUTHEAST ASIA

Burma

Burmese Army Reportedly Renews Offensive Against Karen [THE NATION 5 Mar]	44
---	----

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Mahathir, French Minister Discuss Bilateral Ties [THE STAR 6 Mar]	44
Malaysia: Commentary Praises France's Wish for Closer Ties [Kuala Lumpur International]	45
Malaysia: Mahathir on Australia's Election Results [UTUSAN MALAYSIA 4 Mar]	45
Malaysia: Government Planning Diplomatic Mission in Sarajevo [THE STAR 2 Mar]	46

Malaysia: Mahathir Returns From ASEM, Comments on Sabah [<i>Kuala Lumpur TV</i>]	46
Malaysia: Editorial Views Significance of ASEM [<i>NEW STRAITS TIMES</i> 4 Mar]	46
Malaysia: Deadline Set for SRV Refugee Repatriation [<i>THE STAR</i> 18 Mar]	47
Malaysia: UMNO Youth Head's Denial of Scrapping Pact Accepted [<i>THE STAR</i> 5 Mar]	47
Singapore	
Singapore: Daily Views Howard's Victory in Australian Election [<i>BUSINESS TIMES</i> 6 Mar]	48
Singapore: Lee Kuan Yew Urges China-Taiwan Talks [<i>BUSINESS TIMES</i> 4 Mar]	48
Singapore: Premier Goh Returns From Bangkok ASEM [<i>Singapore Radio</i>]	49
Singapore: Editorial Views Achievements of ASEM [<i>BUSINESS TIMES</i> 5 Mar]	49
Singapore: Government Announces Regulatory Framework for Internet [<i>BUSINESS TIMES</i> 6 Mar]	50
Cambodia	
Cambodia: Critics of Drug Trafficking Reports Reproached [<i>MONEAKSEKA KHMER</i> 27-28 Feb]	51
Cambodian Paper: Ranariddh Leaving for SRV for Border Talks [<i>ARIYEAKTHOR</i> 2-3 Mar]	52
Cambodia: Khmer Rouge Army Commends Sisophon-Poipet Victories [<i>Radio PGNUNS</i>]	52
Indonesia	
Jakarta Dailies Review Coalition Victory in Australian Election [<i>KOMPAS</i> 4 Mar, etc.]	53
Indonesia: Daily Views Suharto-Guterres Meeting in Bangkok [<i>Jakarta Radio</i>]	54
Indonesia: Phillipine Boats Detained for Illegal Fishing [<i>ANTARA</i>]	54
Indonesia: Trade Minister Interviewed on Liberalization [<i>ASIA TIMES</i> 6 Mar]	54
Jakarta Issues Decree on Firm Selected as National Automaker [<i>KOMPAS</i> 29 Feb]	56
Laos	
Laos: Aerial Border Inspection Carried Out With Thailand [<i>Vientiane Radio</i>]	57
Philippines	
Philippines: Ramos Meeting With PRC Premier Reported [<i>PNA</i>]	57
Philippines Official Explains Decision on SRV Refugees [<i>The Journal Group WWW</i>]	58
Philippines: Ramos Calls ASEM 'Resounding Success' [<i>PNA</i>]	58
Philippines President Ramos Views Spratlys, ASEM [<i>Quezon City Radio</i>]	59
Philippines Police: Abu Sayyaf Chief 'Very Much Alive' [<i>Quezon City Radio-TV</i>]	62
Philippines: MNLF Chief Threatens War if Peace Talks Fail [<i>Quezon City Radio-TV</i>]	62
Philippines: MNLF Chief Declines Ruling Party's Candidacy [<i>Quezon City Radio-TV</i>]	62
Philippines: Alternatives to Muslim Autonomy in South Viewed [<i>Quezon City Radio</i>]	63
Philippines: Government-MNLF Talks End in Deadlock [<i>Quezon City Radio-TV</i>]	63
Philippines Defense Secretary: Military Ready for Mindanao War [<i>Quezon City Radio-TV</i>]	63
Philippines Officials on Stalled Government-MNLF Talks [<i>PNA</i>]	63
Philippines: New Transportation, Interior Secretaries Appointed [<i>Quezon City Radio-TV</i>]	64
Thailand	
Thailand: ROK Wants Bigger Shareholding Rights in Projects [<i>THE SUNDAY POST</i> 3 Mar]	64
Thai Prime Minister Holds Talks With Britain's Major [<i>Thai TV</i>]	64
Thai Editorial Discusses World Trade Organization Proposal [<i>THE NATION</i> 2 Mar]	65
Thailand: France Agrees To Help With Regional Rail Study [<i>BANGKOK POST</i> 4 Mar]	66
Thailand: Banhan Meets Austrian, Malaysian, French Leaders [<i>Bangkok Radio</i>]	67
Thai Editorial Urges Peaceful Solution to Malaysia Issue [<i>SIAM POST</i> 4 Mar]	67

Thailand Assigned Job of Drafting Asia-Europe Investment Plan [<i>THE SUNDAY POST</i> 3 Mar]	67
Thai Daily: ASEM Outcome Exceeds 'Expectation' [<i>BANGKOK POST</i> 4 Mar]	69
Thai Daily Urges Asian Nations To Achieve 'Unity' after ASEM [<i>BUSINESS DAY</i> 4 Mar]	70
Thai Papers Laud Outcome, Management of Asia-Europe Meeting [<i>THAI RAT</i> 5 Mar, etc.]	70
Thai Government Moves To Meet SLORC's 'Demands' [<i>THE NATION</i> 2 Mar]	71
Thailand: Routed Karen Rebels Expected To Flee Across Border [<i>BANGKOK POST</i> 4 Mar]	72
Thai Aid Offered to Burma for Program To Eradicate Heroin [<i>THAN SETTHAKIT</i> 2-5 Mar]	72
Thailand: 'No Letup' in Narcotics Trade After Khun Sa Surrender [<i>BANGKOK POST</i> 5 Mar]	73
Thai Prime Minister Insists Heart Condition 'Fine' [<i>THE NATION</i> 4 Mar]	74
Thai Editorial Urges Banhan To Form New Coalition [<i>NAEO NA</i> 4 Mar]	74
Thai Editorial Views Costs of Economic Growth [<i>THE SUNDAY POST</i> 3 Mar]	75
Thailand: BOT Governor on 'Tightrope' Over Monetary Steps [<i>THE NATION</i> 4 Mar]	76

Vietnam

SRV Vice President Receives PRC Provincial Delegation [<i>VNA</i>]	77
SRV Assembly Chairman Receives Thai Military Delegation [<i>VNA</i>]	77
SRV: Economic Contracts Signed With Belgium [<i>Groot-Bijgaarden DE STANDAARD</i> 29 Feb]	77
SRV: Belgian Prime Minister, Delegation Depart [<i>Hanoi Radio</i>]	78
SRV NA Delegates Meet With Netherlands Delegates [<i>VNA</i>]	78
SRV: Nong Duc Manh Meets Netherlands Parliamentarians [<i>VNA</i>]	78
SRV Trade Ministry Conference Views Regional Issues [<i>VNA</i>]	78
SRV Poppy Cultivation Continues Despite Government Efforts [<i>LAO DONG</i> 28 Dec]	79
SRV: Mass Corruption Trial Reported [<i>LAO DONG</i> 7 Jan]	80
SRV Control Sector Reviews Work, Sets New Tasks [<i>NHAN DAN</i> 18 Jan]	81

AUSTRALASIA

Australia

Australia: 'Key Focus' of WTO Conference Viewed [<i>THE AUSTRALIAN FINANCIAL REVIEW</i> 21 Feb]	83
Australia: Statistics Bureau Reports Foreign Debt Increase [<i>Melbourne International</i>]	83
Australia: Coalition's Economic Policies Previewed [<i>THE AUSTRALIAN FINANCIAL REVIEW</i> 4 Mar]	84

Philippines President Ramos Discusses 'Asian Paradigm'

BK0403065796 Bangkok BUSINESS DAY in English
4 Mar 96 p 1

[Report by Staff reporter]

[FBIS Transcribed Text] Philippine President Fidel Ramos attributed the success of Asian economies to "something humdrum: hard work".

At a dinner speech hosted by Dow Jones Asia on Saturday, President Ramos began by chiding the organizers of the program titled "Asia Business Leaders: The Bangkok Dialogue" by pointing out that the program consisted mainly of sessions conducted by "gurus from the West."

"One thing struck me as odd in this program, that is, the presence of prominent 'gurus' from the West. I suspect that they accepted your invitation gladly not because they want to lecture to a group of ... Asian business executives, but to learn from your unique experiences which is not common in their part of the world."

Another element in the outstanding performance of Asian economies is regional co-operation, President Ramos said, adding that: "Deep cultural cleavages and some political differences notwithstanding, the nations of this region have built great bridges of cooperation that link them together."

The president cited a commitment to the free market as the basis for co-operation among Asian countries.

The notion that events now occurring in Asia reflect a "westernization of Asian societies" is not valid, Mr Ramos said, for there is an "Asian paradigm" at work in which unique Asian responses and solutions are being applied.

The main ingredients of the new Asian paradigm are: "Optimal flexibility, a confident openness, a willingness to deal with the vagaries of change and greater reliance on creativity rather than control."

In regard to developments in the Philippines, President Ramos said: Over these last three years, we have moved decisively to devolve decision-making powers and resources to local government units, decentralize government operations and offices, deregulate our trade, ... democratize credit access, ... and develop in a sustainable manner the Five D's."

France's Chirac Holds Post-ASEM News Conference

BR0603114196 (Internet) French Ministry of Foreign Affairs WWW in French 5 Mar 96

[News conference by French President Jacques Chirac at the conclusion of the Euro-Asian Summit in Bangkok on 2 March]

[FBIS Translated Excerpt] [passage omitted] [Unidentified journalist] Do you plan to sign the Treaty of Bangkok?

[Chirac] Your colleague has asked whether France is prepared to sign the treaty of Bangkok, which was signed last December and which creates a denuclearized zone throughout this region. Since this topic has been little discussed — I think I am the only one who talked about it — I will answer that France is prepared to sign the Treaty of Bangkok. It settles some technical details which must be settled with the other nuclear powers, these are merely technical details enabling it to be signed definitively. I think that this will be done quickly, in any case France will advocate the signing of the Treaty of Bangkok. I should also note that France will sign the protocols of the Treaty of Rarotonga in a few days, which creates a denuclearized zone in the South Pacific, which implies, I naturally note in passing, the closure of our experimental sites at Mururoa and Fangataufa.

[Journalist] Mr. President, certain Asian governments freely state that they do not share Western values in the area of democracy and human rights. Is this a serious handicap in the Euro-Asian dialogue?

[Chirac] It is clear that there are different cultures in the world, and that has always been the case. Nonetheless, the characteristic of modern history is that a certain number of universal values are imposing themselves more and more and are making considerable progress. They are advancing by the force of ideas, they are also advancing by the increasingly liberal nature of our societies and our economies. It is obvious that when there is freedom of trade, of industry, then by definition there is freedom to speak, freedom to travel, and that all of this is in conformity with or reinforces, in all cases, the universal values to which the entire world is gradually being led to subscribe. This does not prevent there being cultural differences in the East and the West, or prevent these cultures from being both ancient and respectable by definition. But I do not believe that there is a genuine obstacle here. By this I mean to say, providing that each one accords to the other the respect due him, the progress of universal values, of humanism,

of which France has been one of the champions and even one of the inventors, this progress is inescapable.

[Journalist] Mr. President, Europe has appeared before the Asians as a political entity. From the political, diplomatic, or social standpoint, or that of human rights, do you feel that Europe has spoken with one voice, or was this a discussion which each representative of the countries conducted according to his own ideas?

[Chirac] No, there is no doubt but that Europe has spoken with one voice. There are two reasons for this. The first, which is secondary but must be counted, is that no representative of the European Union would have wanted to express a dissonance with respect to the ideas which we share. There is a second reason, which is more fundamental, and that is that over the years there has been a genuine synthesis occur among the various European countries. We are competitors on economic or financial issues, in the sale of goods or services, but on the basics, which is to say the political, cultural, ideological approach, we speak spontaneously with a single voice. At any rate, that is what was apparent in all the meetings; it was also very clear in Bangkok.

[Journalist] Mr. President, in your speech in Singapore you spoke several times of ASEAN, but you never mentioned APEC [Asia-Pacific Economic Cooperation]. Is there a meaning to this absence?

[Chirac] I came here for an Asian-European summit, not to concern myself with issues between America and Asia. I have the greatest respect for APEC, but it was not my subject, that is why I had no reason to speak of it. In my speech, my intention was to say that Europe has a calling and a particular interest in considerably strengthening its links of all types with Asia, and that the same is true for Asia; in other words, that Asia has the same interest with respect to Europe, this was the subject matter. I did not talk about transatlantic relations, either.

[Journalist] What do you expect from this Europe-Asia partnership? Do you expect any benefits?

[Chirac] Your colleague asks what can be expected from this strengthening of the partnership between Asia and Europe. Many things can be expected. I told you a little while ago that our trade is already very important, Asia's economic development is spectacular, in 25 years it will have a GNP equal to that of the rest of the world. It is thus both a region which represents a considerable market and a considerable capacity for investment, abroad and especially in Europe, which is already the case for a certain number of Asian countries.

As to Europe, it also represents a considerable market for Asia, with, as I told you a little while ago, a GNP equal to that of all Asia, and it also represents

a source of technology which is important and enables a cooperation. If I take only one example, France was very happy to sell the TGV [high-speed train] to Korea, but Korea made a very good deal in also acquiring a technology which will probably enable it to be an active supplier of the TGV in 10 years, at a time when — that was one of the topics which was mentioned often this morning at the Summit — Asia has the ambition of creating very large domestic railroad lines linking it to Europe internationally.

Thus, there is much to expect in the way of trade, trade in ideas as well as trade in products and services. At the end of it all is progress.

[Journalist] For many French people, Asia is responsible for part of unemployment in France, notably because of the different levels of social protection. Did you broach this topic, and do you not fear that by opening the market still more the French will be worried a bit more?

[Chirac] For the moment, it is not a question of opening our markets. This was not the topic of the meeting, it will be examined at the end of the year, during the meeting of the World Trade Organization in Singapore.

Second, it is not precise to say, as Asians say too often, that Europe is a fortress. It is easy to export to Europe, it is less protected than Asia or America.

Third, the problems of social protection levels, especially in the areas of wages and social charges, are indisputably a subject of discussion between Europe and Asia, but they should not be exaggerated. If you look at the very difficult situation of the textile industry in France nowadays (which every year loses 30,000 to 40,000 jobs and which employs 300,000 persons), if you look at the source of its difficulties, it is not at all Asia, it is Italy, which as a consequence, like communicating vases, is experiencing a major growth in the number of workers in the textile industry, which today number more than 800,000. Our true competitor is Italy, it is not Asia. Thus, here again, as always, nuances must be added to a certain number of assertions which some have a tendency to repeat indefinitely, without entirely verifying if they are correct. [passage omitted]

[Journalist] My first question concerns the eventual enlargement of ASEM [Asia-Europe Meeting]. Certain countries, I have in mind notably India on the Asian side and Switzerland on the European side, have voiced their intention, their desire to join ASEM. I would like to know if you are prepared to support them in this action, and if so, in what framework and by what date you envisage allowing them to join this structure?

My second question is on the summit's conclusions. It was explained to us before it took place that it was an in-

formal summit which would initiate a process, and that one should not expect many concrete decisions. However, when one reads the declaration of the president at the end of the summit, one finds 12 concrete proposals, if I have correctly counted. Do you consider that this summit ultimately achieved more than what could have been expected of it?

[Chirac] Well, on the second question, I who am an optimist by nature, I who am a European and who loves Asia, as you know, and who knows it rather well for a European, I was persuaded that this summit would go well. But I must say that you are correct in stressing that it went even better than had been anticipated. In other words, beyond the informal meeting, which was important, if only to allow men to get to know each other and understand each other better, in a somewhat casual manner. (...) The Thai prime minister, for whom everything is a matter of symbols, had the idea to offer to each member a Thai shirt for the dinner on the first evening, and we were asked to put it on for dinner. Well, that does not seem important, but these are gestures which are positive, and the ambiance of the dinner was excellent, and the shirt probably had something to do with it.

Thus, the convivial side was perfectly assured, the decisions were ultimately more important than expected, that is true, everyone arrived with certain proposals, and we noticed that everyone was in agreement on implementing them, in the economic field as well as the political and cultural one.

On the first question regarding enlargement, you know that there is a basic principle in international affairs, which is that each organization is the master of its own membership, and thus it is not up to me to pass this judgment. As to enlargement beyond East Asia, it is up to the Asians to agree among themselves and make the decisions. As to Europe, I am naturally fully prepared to support Switzerland's candidacy, which I was not aware of, I must say that I am learning of it from you, because it is rare that Switzerland accepts joining an international organization, but here again it is up to the members of ASEM to decide. [passage omitted]

[Journalist] Mr. President, I would like to pose a question on ASEM enlargement, because a little while ago [German] Chancellor Kohl, to whom someone had posed this question, said that he was entirely favorable to extend ASEM to include countries like India in particular. Do you have a disagreement with him, or do you think it is premature to talk about it?

[Chirac] I will tell you right away that I have no disagreement with anyone on ASEM's enlargement. I say simply that it is up to ASEM to decide this and that,

as to the Asian side, it is up to us to await proposals made by the Asian countries which are ASEM members. I have absolutely no negative reaction regarding an enlargement to anyone, provided that these are European or Asian countries, that goes without saying. Because there could be countries of other regions which would be candidates; at that point, my comments would not be the same. [passage omitted]

[Journalist] Mr. Li Peng, the Chinese prime minister, will be in France in April. If I am not mistaken, this will be the first Asian head of government to visit France after the summit. What do you expect of this visit? Will there be major progress in the economic or trade areas? Will there be major contracts to sign?

Second, on the discussion between our European and Asian sides on the very word of nonintervention...was there a discussion, and what actually happened to put this word into the final declaration?

[Chirac] Thank you for raising this last question. I will first respond to the second part, because I have just learned before arriving here, in reading the text of the communique in French, which was thus translated by the Thais, that there is a terminological error in the translation. It does not exist in the English translation, I do not know about the other languages, but there is a translation error in the French translation. We will correct it, and the Thais will do what is needed to correct it.

In fact, in the French translation the word "non-ingérence" [noninterference] has been used, which is an interpreting error. What we said was "nonintervention," thus using both the term of the UN Charter and that of the Barcelona summit. Thus, I tell you right away, do not think that there is an ideological change. There is an interpreting error, which will be corrected, but probably not in the first edition which you will be given.

As to the visit of the Chinese prime minister, you know that France has always had good relations with China, which we desire to develop further, notably in the economic area. And if the Chinese prime minister's visit is not for us the subject of economic negotiations or contracts, as you say, we do not doubt that it is one more step toward a strengthening of the economic relations between China and France. French exports to China are already very sizable and provide work for many French people because there are exports to Asia in general, and to China in particular. If they were to cease all of a sudden, there would naturally be a sharp increase in unemployment in our country.

Ladies and Gentlemen, I thank you.

France's Chirac's Post-ASEM News Conference Viewed

BK0303131796 Paris LIBERATION in French
4 Mar 96 pp 18,19

[Report by Gilles Bresson: "Chirac Works Up a Sweat (in His Silk Shirt)"]

[FBIS Translated Excerpt] Bangkok — Jacques Chirac has a passion: Asia. The EU-Asia summit in Bangkok ended Saturday [2 February]. The president delayed his departure by two days in order to see King Phumiphon, idolized by his people, and to visit the new rooms in the museum. Yet he did not forget France's interests or those of his voters: "My aim is simple. Within 10 years we have to triple our market share in Asia."

Chirac is wooing the small- and medium-sized businesses (SME). He knows how to stroke them the right way. In Singapore, he attacked the banks using language similar to that used during the presidential campaign. After saying that their "banking network was not well managed," he called "the French banking system's inability to assume its responsibilities to businesses worrying."

Questioned on Saturday after his news conference he stirred the pot a bit more: "I am still concerned because there are still problems." These are words to bring a smile to the lips of tradesmen and small business leaders who say they are being suffocated by excessively high rates or who are having trouble opening accounts.

For all that, the head of state did not forget the world of finance. In Bangkok during his meeting with Thai Prime Minister Banhan Siniapa-acha, he pleaded for — and apparently obtained — a license for a bank and a French insurance company which want to set up shop in that country. "I fought for them," he said.

Article 14 of the final communique bears his mark: "The participants agreed to encourage businesses and the private industry, especially SME's in both regions, to step up their cooperation and to contribute toward increasing trade." He did not stop repeating this desire to the representatives of the French community. [passage omitted]

While he is at ease pouring out his heart on the fate of the persecuted Catholics, a profitable subject domestically, the president avoided dwelling on anything to do with human rights in order to avoid making the political officials of that region too uncomfortable and to avoid scuppering trade contracts. During the news conference, he neglected to answer the questions on Tibetan Buddhists and political prisoners in China. On the other hand, Jacques Chirac was laudatory about Singapore's

enlightened despot, his "friend" the "senior minister" Lee Kuan Yew. [passage omitted]

Pragmatic, he is convinced that Asia's development is an "irreversible phenomenon" and that human rights "can only be reinforced by increasing the standard of living" and "the liberalization of the economy." That was good for a few silent moments. "This summit was a great success. The contacts were especially warm and convivial. We joked, we laughed, the atmosphere was very good," the head of state said during his final news conference. "As a natural optimist," he appreciated the small gestures which helped to advance the major causes. Like on Thursday evening, for the opening dinner of the conference, where the Thai prime minister gave his guests a silk shirt. "That may not seem much, but it created an ambiance. And I think the shirt had something to do with that."

Perhaps that is one way of dressing up human rights — in silk.

PRC, French Positions on Nuclear-Free Zone Treaty Reported

BK0303120696 Bangkok THE SUNDAY POST in English 3 Mar 96 p 4

[Report by Anurat Maniphant]

[FBIS Transcribed Text] France is willing to endorse the treaty for a nuclear free zone in Southeast Asia but wants to sort out "technical details" first, President Jacques Chirac said yesterday.

France, however, will sign the Rarotonga treaty for a nuclear free zone in the South Pacific, he said.

China meanwhile indicated there was no change in its position it would still not sign the treaty covering Southeast Asia.

But Foreign Ministry spokesman Chen Jian, said China would continue to debate the issue with the Association of Southeast Asian Nations.

China — the only country still testing nuclear weapons — reiterated its support for a test ban treaty currently being negotiated in Geneva, but insisted it reserved the right to continue with its own "peaceful" nuclear explosions.

The 10 leaders attending last December's ASEAN summit in Bangkok signed the treaty for a nuclear weapons-free zone in Southeast Asia. The move was seen as a landmark achievement of the fifth summit of ASEAN.

The seven ASEAN members — Thailand, Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Vietnam, Burma, Cambodia, and Laos, which are expected to join in the future, all signed the treaty.

The treaty bans the development, manufacture, possession or control of nuclear weapons.

It also bans the stationing or transport of nuclear weapons and the testing or use of nuclear weapons.

None of the declared nuclear powers — Britain, China, France, Russia, and the United States — have yet endorsed it and without their endorsement, it is difficult for Southeast Asia to be nuclear-free.

Of the five nuclear powers, the U.S. was the first to express reservations.

The reservations concern the boundary of the zone, as the treaty provides for it to include continental shelves, as well as the exclusive economic zones of all Southeast Asian states party to it.

The nuclear powers want to be certain they will retain the right of passage through the area.

Thai officials earlier said they would try to persuade the nuclear powers represented at the ASEM to endorse the treaty.

But Britain, China, and France — the three nuclear powers who attended — all still have reservations.

But the chairman's statement released yesterday did at least reflect a general commitment to nuclear nonproliferation.

This statement said: "The meeting noted that, in their efforts to contribute to the Non Nuclear Proliferation Treaty regime, the 10 Southeast Asian countries have concluded the Southeast Asia Nuclear Weapons-Free Zone Treaty in Bangkok in December 1995.

"The leaders reiterated their determination to pursue systematic and progressive efforts to reduce nuclear

weapons globally with the ultimate goal of eliminating those weapons and of general and complete disarmament under strict and effective international controls."

"The meeting emphasised its commitment to the non-proliferation and prohibition of biological and chemical weapons, in particular to the early entry into force of the Chemical Weapons Convention."

"The meeting supported efforts in the Conference on Disarmament to start negotiations on a missile material cut off on the basis of the agreed mandate."

France, which sparked a storm of controversy by carrying a series of six nuclear tests in the South Pacific from September until January, is keen to clean up its record.

At the time of the tests French officials maintained it was important to test France's nuclear deterrent power — which would benefit others as well as safeguard France's own security interests.

Shortly after calling off the tests on January 29, France launched a major bid to raise its international profile.

Mr Chirac visited the U.S. in early February, when he called for a stronger European "pillar" in the transatlantic alliance.

And most recently, Mr Chirac delivered a major policy speech in Singapore stating France's intention to strengthen its engagement in Asia in economic, political and cultural fields.

"France will adopt a constructive attitude of principle" on the nuclear-free treaty for Southeast Asia, Mr Chirac said in the statement released in Singapore on the eve of the Asia Europe Meeting.

"In this fashion Europe and Asia can together contribute to further progress towards security and disarmament in the world," he added.

Japan

Japan: 'Senior' Official: Talks With U.S. Needed on Chip Pact

OW0603123496 Tokyo KYODO in English
1043 GMT 6 Mar 96

[FBIS Transcribed Text] Tokyo, March 6 KYODO — Japan should hold talks with the United States on the bilateral semiconductor agreement which Washington wants renewed when it expires in late July, a senior official of the Ministry of International Trade and Industry [MITI] said Wednesday [6 March].

Tokyo argues no renewal is necessary because the accord has served its objective, with foreign chips accounting for more than 20 percent of the Japanese market, a target envisaged in the agreement.

Deviating from some MITI officials who have conceded that there should be no negotiation with the U.S. on the chip pact, the senior official said it is important to hold talks and explain to Washington why the accord is unnecessary.

"Declining talks is one option in the Japanese style of negotiations, but that will not be acceptable internationally," the official said.

The issue is expected to be taken up in April, when MITI minister Shunpei Tsukahara is expected to meet with U.S. Trade representative Mickey Kantor during the quadrilateral meeting of trade ministers from Japan, the U.S., the European Union and Canada.

U.S. Commerce Secretary Ron Brown repeated the call for renewing the pact Tuesday when he met with Kazutaka Tsuboi, Japan's parliamentary vice trade minister, in Baltimore during a conference of trade ministers from the group of seven industrial economies and 14 former communist states.

Japan: Editorial on Renewal of Semiconductor Accord

OW0603074696 Tokyo SANKEI SHIMBUN in Japanese 3 Mar 96 Morning Edition p 2

[Editorial: "The Semiconductor Accord Should be Abolished"]

[FBIS Translated Text] With the bilateral semiconductor accord about to expire in the end of July, confrontation between Japan and the United States has been sharply illuminated over the question of what kind of choice they should make, renewal or abolishment of the pact.

Japan has refused to extend the accord, saying "It has already completed its role," (as stated by International Trade and Industry Minister Shunpei Tsukahara). How-

ever, the United States has insisted that "The pact is essential to strengthening bilateral relations," (as stated by General Counselor Ira Shapiro of the U.S. Trade Representative). In connection with the U.S. presidential election in autumn this year, pressure has been intensifying particularly from the congressmen elected from California, the semiconductor industry's center of strength. This is likely to become a political issue with the April summit approaching.

Both Japan and the United States need to handle this matter coolly. It is undesirable that they should take steps to flare up the collision of sentiments again that were eliminated by the settlement of the auto talks last summer. Japan should logically explain to the United States the principle that the government should not intervene in the private sector's affairs. At the same time, the Clinton Administration ought to refrain from linking the presidential election to U.S. foreign policy.

The semiconductor accord should be abolished to prevent protective trade from prevailing in the United States and Japan where the high tech sector leads, and to develop a mature bilateral relationship.

The 1986 semiconductor accord has been aimed at promoting sales of U.S.-made products on the Japanese market, while preventing dumping of Japanese products on the U.S. market.

Since the October-December period of 1992, the foreign-made semiconductor share of the Japanese market has almost constantly exceeded 20 percent (27 percent in the July-September period in 1995), and there have been no dumping problems. Japanese and U.S. companies have actively cooperated with each other in forming joint ventures and in developing new products. In line with the improvement of multimedia networks, they seem to have strengthened supplemental relations.

Intel Corporation is the biggest manufacturer of micro-processors, the brain of personal computers. In 1993, Intel and other American firms exceeded Japanese companies' share of the global chip market. Since then, the gap between shares of Japanese and U.S. companies has been widening. Under such market circumstances, there is no propriety in expanding the agreement.

Bilateral trade negotiations have been fettered by the chip pact. The auto talks had faced rough sailing because the United States had adhered to the numerical target till the end. It is the ironic fruit brought about by the U.S. "success" in the semiconductor treaty.

Implementing a shortsighted policy of protected trade would ruin the enterprising spirit, and would deteriorate

industries in the long run. The World Trade Organization (WTO) stipulates that fairness and transparency should be maintained as the "principles of the market economy." Japan and the United States, influential powers in terms of the global trade, should abide by those rules in resolving pending issues, and should contribute to promoting liberalization of the global trade.

In view of the rapid economic globalization, let us strive to eliminate protective trade that is against international rules.

Japan: Mondale Criticizes Consensus-Based Deregulation

OW0503151496 Tokyo KYODO in English
2125 GMT 5 Mar 96

[FBIS Transcribed Text] Tokyo, March 5 KYODO — U.S. Ambassador to Japan Walter Mondale was outspoken in his criticism Tuesday [5 March] of the way Japan goes about deregulating its economy, aiming his barbs at the consensus-driven mentality of the Japanese.

"If deregulation can only occur when everyone in the protected industry agrees...I fear that Japan is in for many more years of failed efforts in this field," Mondale said.

The critical comment was made in a speech he delivered at the International Forum for Deregulation, a seminar sponsored by the Federation of Economic Organizations (Keidanren).

Mondale stressed the importance of deregulation for Japan, saying, "The most tremendous growth in Japan is taking place in sectors where artificial barriers are coming down."

He named cellular phones, automobiles and auto parts, financial services and retail stores as sectors where deregulatory progress has been made.

But Mondale showed dissatisfaction with overall progress in Japan's deregulatory drive, saying that an old Chinese adage "Much thunder, no rain" describes the deregulatory efforts that have been attempted in the country.

Japan: Envoy Says PRC-Taiwan Row Poses No Threat to Base Talks

OW0603033396 Tokyo KYODO in English
0206 GMT 6 Mar 96

[FBIS Transcribed Text] Washington, March 5 KYODO — Japan's ambassador to the United States said Tuesday [5 March] that current tensions between China

and Taiwan pose no threat to the ongoing talks between Tokyo and Washington over the Okinawa base issue.

The envoy, Kunihiro Saito, told a press conference that the bilateral negotiations on consolidating U.S. military facilities in the southernmost Japanese prefecture will not be seriously affected by the increasingly tense relations between China and Taiwan.

Neither the final contents nor the time frame for a U.S. base reduction plan will be influenced by China-Taiwan tensions, he said.

Both sides are convinced that a significant curtailment will be achieved, although any consolidation plan that would undermine the military function and capability of U.S. forces is precluded, he said.

Japan: Governor Ota, Cabinet Ministers Slated To Meet Mid-Mar

OW0503151596 Tokyo KYODO in English
1908 GMT 5 Mar 96

[FBIS Transcribed Text] Tokyo, March 5 KYODO — Okinawa Gov. Masahide Ota and cabinet ministers concerned will meet in mid-March to discuss requests from the southernmost Japanese prefecture to reduce the large U.S. military presence there, government officials said Tuesday [5 March].

The meeting will be held between Ota, Chief Cabinet Secretary Seiroku Kajiyama, Foreign Minister Yukihiko Ikeda and Defense Agency Director General Hideo Usui. Ota met with Prime Minister Ryutaro Hashimoto on Jan. 23.

A working-level meeting in Okinawa-Tokyo consultations decided on a rough schedule on Tuesday afternoon but will fix the precise date later, depending on the Diet's schedule.

Tuesday's meeting failed to answer how the government will respond to Okinawa wishes because Tokyo has not received any concrete answer from Washington on the cutbacks, the officials said.

The Japan-U.S. action committee on Okinawa will hold a fourth meeting Thursday in Tokyo when the U.S. side may relay an answer, they said.

Okinawa Prefecture has stepped up its requests in the wake of the rape of an Okinawa schoolgirl in September for which three U.S. servicemen are on trial.

The prefecture wants to recover all local U.S. bases in 20 years, while urging the government to review the 1960 Japan-U.S. status of Forces Agreement, sign accords to reduce noise from U.S. military facilities and

take measures to reduce U.S. base-related crimes and accidents, among other things.

Japan: Article Views Illegal Land Use in Okinawa
 OWUS03162696 Naha Okinawa Times in Japanese
 1 Mar 96 Morning Edition p 1

[“News Cross Section” column article by a reporters’ team engaged in collecting information on the base issue]

[FBIS Translated Text] The government is now in a very delicate situation in connection with the procedures for enforced use of land as U.S. military bases. The point at issue is whether land leases for certain lots that will expire at the end of March can be extended. If the government should fail to complete procedures for continuing use of the land on the expiration date of “1 April,” a portion of the land used as military bases will become illegally occupied. Since the government is responsible for providing the U.S. military with bases in accordance with the Japan-U.S. Security Treaty (JUST), it will face with difficulty as to how this issue can be handled. The government plans to apply to the Prefectural Expropriation Committee (PEC) for “emergency use” but it remains unknown whether the PEC will readily give its approval. Faced with difficulties as to whether illegal occupation can be avoided, the government is now in a very serious situation.

With regard to the trial on the order for the governor to carry out his duty to sign by proxy documents on enforced use of land, a source at the Defense Facilities Administration Agency (DFAA) said: “It is very delicate as to whether the verdict could be pronounced (in time for obtaining the permit for emergency use.)” The DFAA is watching the development of the trial with a sense of crisis.

On 15 February when it was decided that the questioning of Governor Masahide Ota would be postponed, Director General Hideo Usui of the Defense Agency stated that “the situation has thus become very serious in connection with a portion of the land used as military bases.” On the other hand, however, Director General Usui also said: “Due to our commitment as stated in the JUST, we have to deal squarely with the U.S. side.” Thus, he hinted that the land will continue to be used in one way or another even after the lease expiration.

Among the measures that can be taken are special legislation and exercise of the right of management. The government has indicated its plan not to resort to special legislation. And the DFAA source has indicated its negative approach toward the right of management, maintaining that “it will be of no use if exercise of

the management right is preconditioned on return of the land.” And it has also been voiced that “there are no measures at all that can be taken.”

It was reported on 5 February that “the government had decided on continuing to use the land (even after the lease expiration) on the basis that priority could be given to the JUST; and that the private right could be restricted by the Civil Law.” The report has imposed serious impact on the Okinawan people. While admitting that such plans had been brought up, sources at the DFAA and other agencies denied the report that “the decision had been made,” maintaining that “it would be utterly impossible to take such measures.”

Also at the regular DFAA news conferences, Director Takeshi Ozawa of the Facilities Department has continued to have difficulties in answering reporters’ questions because they have persistently asked questions based on the land lease expiration since it was decided that questioning of the prefectural governor would be postponed. While admitting that “there is no knowing what will happen because there are no precedents,” one reporter asked: “If a group of demonstrators should attempt to enter the military base, will the Japanese Government — but not the U.S. military — take the responsibility of guarding the base?” In replying to this question, Director Ozawa said: “I am sorry but I cannot answer questions that concern delicate points.”

For the central government that intends to avoid by any means the situation, in which land will have to be illegally occupied, the last resort is “emergency use.” Following the court’s pronouncement of its verdict, the government will submit its applications to the PEC for a ruling on “compulsory use” and also on “emergency use.” However, there is no telling whether the PEC will make its decision in line with the central government’s intention. The PEC is composed of those connected with universities and lawyers who are from Okinawa.

Some PEC members have stated their views that “it will be necessary to ask for a concrete briefing on why compulsory or emergency use is necessary and also on what the use of land has to do with the public interest.” For instance, one of the PEC members asked that in case a portion (covering an area of 2,000 square meters) of the Elephant’s Cage (covering an area of 535,000 square meters) [the popular name for the Sobe Communications Facility’s site] cannot be used, “what difficulties will it bring about?” And then he added: “No ruling can be made unless there is evidence that it will bring about difficulties.” In this connection, the central government will face difficulties in dealing with this issue because functions of the U.S. military bases will have to be made public.

Originally, the PEC is merely granted with a limited authority to judge whether the period of compulsory use or the amount of compensation is appropriate or not. However, as an independent organ, neither the prefectural nor the central government is allowed to interfere. In this sense, it is also known as the "Super Supreme Court." The PEC intends to "insist on its democratic nature by taking the public opinion of the Okinawan people into consideration," (as stated by a PEC member).

There is also a possibility that at the PEC sessions, a "substantial study" will be made from the standpoint of "public interest" as to whether it is appropriate to let military bases continue to exist even by resorting to the measure of compulsory use. The existence of the U.S. military bases on Okinawa was originally started with extortioa of land by the U.S. military with "its bayonets and bulldozers." Now, the central government is asked to give concrete reasons to explain why it is necessary to keep each of these military bases.

If procedures cannot be completed in time, a portion of the U.S. military base will become illegally occupied, and confusion can also be anticipated. And since President Bill Clinton is scheduled to visit Japan in mid-April, moves toward settling the issues connected with U.S. military bases on Okinawa have now reached a critical point.

Japan: Jail Sought for U.S. Servicemen in Misawa Shooting Case

OW0503163396 Tokyo KYODO in English
1713 GMT 5 Mar 96

[FBIS Transcribed Text] Aomori, Japan, March 5 KYODO — Prosecutors demanded prison terms Tuesday [5 March] for two U.S. Air Force master sergeants for shooting firearms illegally in Misawa, Aomori Prefecture, northern Japan.

The prosecution sought prison terms of 10 months for Master Sgt. John Turner, 25, and of eight months for Master Sgt. Charles Goddard, 23, at a hearing of their trial at the Hachinohe branch of the Aomori District Court.

Both defendants, based in the U.S. air Force base in Misawa, are accused of shooting at birds in a swamp in a city park Dec. 10 last year.

Turner is also charged with firing a hunting rifle without a Japanese license Dec. 13 last year. Goddard, who had such a license, is accused of illegally giving ammunition to Turner.

A lawyer for the two servicemen said both defendants regret what they did. The lawyer asked that they be

given suspended prison terms on the grounds that they were not aware of the tough firearms regulations in Japan.

Tokyo Proposes Nuclear Powers Pay More for Peacekeeping

OW0603012196 Tokyo KYODO in English
0043 GMT 6 Mar 96

[FBIS Transcribed Text] New York, March 5 KYODO — Japan proposed Tuesday [5 March] that the U.N. Security Council's five permanent members should shoulder greater financial burdens for peacekeeping operations.

The proposal was made by Hisashi Owada, Japanese ambassador to the United Nations, at a meeting of the world body's working group on UN financial reform.

It was based on the principle of paying contributions commensurate with responsibility in view of the veto power and other privileges of the five permanent members and declared nuclear powers — Britain, China, France, Russia and the United States.

UN diplomatic sources said the Japanese move could be taken as an indication that Tokyo is ready to accept a heavier financial burden if it wins a permanent seat on the Security Council.

Japan, the second largest contributor to the UN regular budget, is seeking permanent council membership.

Japan also proposed reducing the highest share of budget contributions by a single nation, currently 25 percent applied to the U.S., to 20 percent. The U.S. is the largest debtor nation to the UN for budget contributions.

Japan also called for a ceiling on the budget share of general UN members at a level lower than that for the permanent council members.

As the U.S. budget share declines, Japan's burden is gradually increasing.

The Japanese proposals suggest that Tokyo would pay more than its current 15 percent budget share only if it were allowed a permanent council seat, the sources said.

Japan: MOFA on Recent International Terrorist Attacks

OW0603063896 (Internet) Japanese Ministry of Foreign Affairs [MOFA] WWW in English 4 Mar 96

["Statement by the Foreign Minister on the Terrorist Bomb Attacks in Jerusalem and a Series of Other Recent Terrorist Acts"; dated 4 March 1996; from

the "What's New!" link; statement was posted on the Foreign Ministry home page on 6 March]

[FBIS Transcribed Text] 1. Japan deeply deplores the fact that a terrorist bomb attack occurred again on March 3 in Jerusalem, with numerous innocent citizens victimized. It expresses its profound sympathy to the victims and sincere condolences to the bereaved families. This attack was carried out in disregard of the condemnation of the international community, including Japan, of the terrorist bomb attacks on February 25. Japan is enraged against this and hopes that the Government of Israel and the Palestinian authority will take determined measures. The Middle East peace process is now at an important stage where negotiations for the permanent status of the interim self-rule areas are expected to start in May and the general elections in Israel at the end of that month. Japan strongly hopes that those concerned in the peace process will not halt or retreat from their efforts for peace in submission to heinous terrorist acts.

2. Recently, a series of terrorist acts have occurred: the bomb explosion in Sri Lanka on January 31, two bombings in London since February 9, and repeated bombings in Israel. Japan condemns all forms of terrorism and reaffirms its resolve to fight against it. Terrorist acts cannot be justified for any reason whatsoever and political aims should be achieved not by violence but by dialogue.

3. Since last year, serious terrorist incidents have reoccurred internationally, including the sarin-gas attack on the Tokyo subway system, and the need for international cooperation in counter-terrorism has been even more deeply recognized. Japan has been making efforts for the promotion of international cooperation by, for example, taking part actively in the Ottawa Ministerial on Counter-Terrorism in December last year (G7 plus Russia). It intends to continue to cooperate with the international community in addressing the problem of terrorism.

Japan: Hashimoto Pledges Economic Aid to Developing Countries

OW0603050596 Tokyo KYODO in English
0412 GMT 6 Mar 96

[FBIS Transcribed Text] Tokyo, March 6 KYODO — Prime Minister Ryutaro Hashimoto pledged Wednesday [6 March] to boost Japan's aid to developing countries to help their economic advancement, officials said.

In a meeting with Diogo Freitas Do Amaral, current president of the UN General Assembly, Hashimoto said Japan will view north-south problems within a framework of development strategy for the south.

Hashimoto responded to Do Amaral's request for Japan to play a greater role in furthering mutual understanding between industrial and developing countries as well as between the east and the west.

Japan: Moscow Proposes Yeltsin-Hashimoto Video Conference

OW0603101396 Tokyo SANKEI SHIMBUN in Japanese 4 Mar 96 Morning Edition p 3

[FBIS Translated Text] The Russian Government has proposed holding the first video phone conference between President Boris Yeltsin and Japanese Prime Minister Ryutaro Hashimoto before a Moscow summit on nuclear safety in mid-April. This was learned on 3 March. If the conference materializes, it would be the first video phone talks between two nations' leaders. During the talks, Hashimoto would call on Moscow to take measures to prevent the outflow of nuclear substances.

According to Japanese Government officials, Moscow made the proposal last month. It offered holding a Yeltsin-Hashimoto meeting in mid-March to celebrate the installation of a new fiber optic communications system in Russia. Moscow started setting up a new communications system several years ago as part of efforts to establish a communications infrastructure, and it has nearly completed the work.

To mark the accomplishment, President Yeltsin has strongly hoped for meetings with leaders of countries that have provided Russia with technological and financial cooperation. Besides Japan, the president is said to have sounded out several other countries about the possibility of holding summits. They include South Korea and some EU countries, which have joined Russia's project to establish a new communications system. Since Russia started the project, Tokyo has extended financial cooperation to the country through a government-affiliated bank, thinking: "The improvements of social infrastructure, including a communications system, will help promote Russia's reform policy aimed at a shift to a market-oriented economy" (according to a government official).

The Japanese Government thinks "the proposed Yeltsin-Hashimoto meeting will contribute to promoting friendly relations between the two countries" (according to a Foreign Ministry source). Thus, it has arranged for the meeting with the Prime Minister's Official Residence. However, because the Japanese Diet is now in session, it is uncertain whether the meeting will be held when Moscow hopes.

The first nuclear safety summit is scheduled to be held in Moscow next month to mark the 10th year since the

Chernobyl nuclear power plant disaster. It has already been decided that the summit will discuss measures to ensure safety of nuclear power plants, the disposal of nuclear wastes, and peaceful uses of nuclear power plants.

Japan: MITI Announces Trade Insurance Accord With Germany

OW0503134396 (Internet) Japanese Ministry of International Trade and Industry WWW in Japanese Mar 96

[Press release issued by the International Trade Insurance Division, Ministry of International Trade and Industry, dated 19 February 1996, entitled: "On Japan-Germany Trade Insurance Cooperation"; this item was first observed on 1 March; from the "MITI Press Release" link]

[FBIS Translated Text] 1. The Japanese trade insurance authorities reached agreement with the German Hermes Export Insurance Corporation and the Treuarbeit Investment Insurance Corporation on the following regarding cooperation in devising a scheme for trade insurance: (Synopsis) (1) Promotion of Japanese-German cooperative projects in third countries

— Japan and Germany will cooperate in underwriting trade insurance for common projects

— If necessary, cooperation in trade insurance for exports to each other will also be provided

— With this agreement, treatment of Japanese products with regard to German trade insurance will be similar to those from the EC [European Community] countries (Japanese products can now be insured up to 30 percent, compared to the present maximum of 15 percent) (2) Implementation of exchange of views on country risk evaluation (3) Holding of regular consultations once a year (4) Building a cooperative relationship between MITI trade insurance and Hermes Export Insurance Corporation, et al

2. The Significance of This Cooperative Relationship (1) Japan has experience in Southeast Asia, while Germany has experience in Russia, Central and East Europe, and the Middle East. Exchanges of information, including those on the aforementioned regions, will benefit both Japan and Germany in formulating projects and managing trade insurance. (2) In recent years, projects covered by trade insurance are usually large-scale operations, such as power stations and manufacturing plants, many of which are difficult for one country to finance. Cooperation between Japan and Germany will enable them to deal with such projects. (3) Thus, a mutually com-

plementary relationship, both qualitatively and quantitatively, in the management of trade insurance will also be welcomed by developing countries that need financial assistance for their economic development.

3. Concrete projects under this bilateral cooperation scheme are expected to include the thermoelectric power plant in Marmara, Turkey, and others.

Tokyo Seeks Cooperation With Europe in Asian Market

OW0503134096 Tokyo ASAHI SHIMBUN in Japanese 29 Feb 96 Morning Edition p 12

[FBIS Translated Text] While believing that competition will increase with European companies' participation in the Asian market, the Japanese Government and companies have sought to study the chances of cooperating with them in an effort to develop its new roles and business opportunities. Japan considers the Asia-Europe Leaders Meeting (ASEM) will be a step toward those goals.

The Ministry of International Trade and Industry [MITI] has proposed holding an ASEM economic ministerial meeting in Japan next year. In assuming leadership in future as a host country, it will seek, at the forthcoming summit, an accord in which "the economic issue should be discussed mainly at the economic ministerial meeting."

As a long-term topic, it is suggested that a trade and investment framework be formed in light of the Asia-Pacific Economic Cooperation (APEC) forum. European companies have the advantage of conducting projects aimed at improving communications and transportation infrastructures in Asia. In view of this, they believe they can form a supplementary relationship with Japan. Japan has already agreed to undertake trade insurances for big projects in cooperation with Britain, France, and Germany. As for economic cooperation, a plan to develop the Mekong Valley has also surfaced.

These moves have attracted Japanese private companies' attention as well. Eisho Mori, director of Itochu Corporation Overseas Market Development Department, said: "If participating countries discuss to achieve trade and investment liberalization on a par with the APEC, it will be an epoch-making event where Europe and Asia will unite with each other. We will more actively introduce European companies and investors to China and other Asian countries."

However, it remains completely uncertain to what extent these plans will be materialized. Japan believes that "there is a difference in views between Asia that focuses on the economic issue and Europe that intends to take up

the question of politics and human rights for discussion" (as stated by the Foreign Affairs Ministry). In addition, there is the possibility that the United States will be wary of the Europe-Asian relationship becoming tight.

Japan: MOFA on Terrorism, ASEM, PRC Missile Test

OW0603084996 (Internet) Japanese Ministry of Foreign Affairs WWW in English 5 Mar 96

[News conference by Japanese Foreign Ministry spokesman Hiroshi Hashimoto with unidentified reporters on 5 March; place not given; from the "What's New" link]

[FBIS Transcribed Text] [Topics of Discussion] I. The position of the Japanese Government regarding recent acts of terrorism in the Middle East II. Issue of trade openness addressed at the Asia-Europe Meeting (ASEM) in Bangkok III. Possible missile tests announced by People's Republic of China IV. Issues regarding Asia-Europe Meeting (ASEM) membership V. Developments concerning the Government's investigation into the blood transfusion issue VI. Issues regarding the International Labour Organization (ILO) report on the subject of comfort women

I. The position of the Japanese Government regarding recent acts of terrorism in the Middle East

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon ladies and gentlemen. My colleague has distributed a copy of the Statement by Minister for Foreign Affairs Yukihiko Ikeda on the terrorist bomb attacks in Jerusalem and the series of other recent terrorist acts. It was already announced yesterday. I would like to explain to you some background on the Statement. I think the Statement is self-explanatory. In view of the fact that serious terrorist incidents have been occurring recently, the Japanese Government decided yesterday to issue, on the occasion of the terrorist bomb attack on 3 March in Jerusalem, the Foreign Minister's Statement to reaffirm its resolve to fight against terrorism and to demonstrate its efforts for the promotion of international cooperation in addressing the problem of terrorism. I would just like to remind you that at the last Halifax G-7 Summit, the participants of the Summit decided to hold the P-8 Ministerial Meeting on terrorism. It was held on 12 December last year in Ottawa. The Japanese Government sent the Cabinet Minister in charge of the Public Security Committee, and others. This year, from 18-21 February, the working-level international conference on terrorism took place in the Philippines. At the last Asia-Europe Meeting (ASEM), the Chairman's Statement also touched on this subject. It says the Meeting

participants agreed to strengthen cooperation between the two regions to deal with the illicit drug trade, money laundering, terrorism, and other international crimes, including exploitation of illegal immigration, both bilaterally and through existing multilateral initiatives. According to news reports, once again, terrorism has taken place in Israel. We would like to reiterate our resolve to fight against terrorism.

That is the announcement that I wanted to make and I will be delighted to respond to any questions that you might have.

Q: Terrorism anywhere that affects the common people is to be really condemned deeply. But, sometimes, in certain situations, things that appear as terrorism have some background behind them. This Hamas is a man who was killed in Gaza — the chief whatever he was. So, now, instead of putting Hamas into the dialogue, or bringing peace there, he was killed. So, naturally they will take revenge — and they took it in the old Jerusalem, the Palestinian Jerusalem. You used the words "in Israel." This is in the occupied territory area that it happened. It's not Israel. I would like you to correct that, please.

A: Thank you very much for saying so, but at the same time I must say that the status of the occupied territory has not been solved yet. Both Chairman Yasser Arafat of the Palestinian Self Rule Council and Prime Minister Shimon Peres of the State of Israel have officially condemned terrorism and said that they would do their best to fight against terrorism. I think that the peace process is very important over there. We hope that terrorism will not have a fatal effect on the peace process over there.

Q: You said that the occupied territories question has not been solved. That doesn't mean it is Israel. Occupied territory.

A: Occupied territory.

Q: If you would correct your comment to occupied territory, then the other thing is, what is Japan going to do to solve this problem of dialogue between the different parties? The PLO is now one of the peace process group of parties. But, there are other groups like Hamas. Actually, this stone-throwing by children was started by Hamas. These are the people who lived in the occupied territory. So, is there a way that Japan can go with Clinton, because Clinton is taking initiative, to have dialogue with other parties of the Palestinians in the occupied area?

A: Japan's role is rather limited. Japan can probably play a role in a different area, such as in assistance to the

economic infrastructure, or educational infrastructure, and other —.

Q: The Golan Heights?

A: The Golan Heights, yes. Whenever we have a chance, we talk to the relevant leaders in the Middle East about the necessity of bringing about peace, and so on. Our role is rather limited. I do not think the Japanese Government can play as big a role as the United States of America is playing.

III. Issues of trade openness addressed at the Asia-Europe Meeting (ASEM) in Bangkok

Q: During the ASEM Summit, the Prime Minister of Japan said that the European countries should be more open to non-EU countries on trade. As you know, this remark, which the Europeans cited — they were not very happy with that remark. Could you elaborate a little bit on what the Japanese Government expects of that?

A: I do not recall that any European participant in the Asia-Europe Meeting (ASEM) has officially reacted to the remark.

Q: No, they haven't. Off the record, they were not very happy, since they consider the European market is already more open than the average.

A: What Prime Minister Hashimoto wanted to emphasize was that the APEC is open to the outside world, and that the fruits coming from further endeavors by the APEC countries to liberalize and facilitate trade and investment will be applied to the outside world on a most-favored-nation (MFN) basis. He just wants to emphasize that if the European Union would like to continue to be open to the outside world, then the same sort of measures will be taken in the future. We can continue our discussions in other fora if the European side is interested. We have an established forum for the dialogue, and if the European side would like to elaborate on Prime Minister Hashimoto's comment, I think the Japanese side is ready to respond. Yes, Prime Minister Hashimoto made the comment, but he has not received any response from it.

Q: According to Japan, what should Europe do?

A: I do not have the official document in front of me, but some are concerned that there are several non-tariff barriers in the European Union. We hope that the European Union will reduce that kind of barrier, so that the European Union will also continue to be open to the outside world. If that openness is assured, of course, we will have no complaint about that. We always have to maintain awareness open regionalism, so as not to be

trapped by protectionism — protectionism is naturally coming back.

Q: But, do you have any specific areas in mind?

A: Not for the moment, no. I do not know whether the Senior Official's Meeting to follow-up the Bangkok ASEM will touch on the subject, but in any case, they will talk about trade facilitation and trade liberalization between the two regions. They may talk on the subject.

III. Possible missile tests announced by People's Republic of China

Q: China announced today that it will conduct missile tests off Taiwan later this week. Would you give us your comments on this and is the Japanese Government planning to take action against China?

A: What I can tell you about the most recent announcement by the Government of the People's Republic of China on the missile tests is that China announced it would carry out missile tests near Taiwan. We are of the view that it is not desirable for peace and stability in East Asia if tensions over the Strait of Taiwan are heightened. In addition, the traffic on the high seas near the test area may be affected by the tests themselves. So, Japan is closely watching the situation. When Prime Minister Hashimoto met Prime Minister Li Peng of the People's Republic of China in Bangkok, he also raised these questions. He also said there are an increasing number of Japanese who are worried about the situation over there. At the same time, Prime Minister Hashimoto said that the Japanese Government wants to have any problem concerning Taiwan and China solved peacefully, and the two parties over the Strait are requested to act on the basis of this peaceful settlement. Prime Minister Li Peng replied that it is true that some kind of tension is developing on both sides of the Strait, but that their fundamental policy on the peaceful reunification and the "one country, two systems" principle will not change. For the time being, the Japanese Government is closely watching the situation, but if you ask, for example, whether military confrontation is imminent or not, we have not received that kind of information.

IV. Issues regarding Asia-Europe Meeting (ASEM) membership

Q: As I see, the ASEM is called an Asia-Europe Meeting, but the Asia definition is very limited there. I hear that the Malaysian Prime Minister was on record that India and Pakistan may also be included. Is some ASEM committee or something going to that region to meet those two countries for the next meeting in London?

A: As for the membership issue, at the last ASEM, the participants did not talk about this in a real sense. But, some members, as you rightly pointed out, said that the Republic of India and Islamic Republic of Pakistan should be invited to participate. Some members said that New Zealand and Australia should be invited to participate. This time, they did not discuss this matter. I am sure that in due course, before the next London Meeting, this issue will be discussed among the countries concerned.

V. Developments concerning the Government's investigation into the blood transfusion issue

Q: About the blood transfusion thing which was on the lax side of the Ministry of Health and Welfare. The Minister is on record and everything leads to the laxness of the Ministry and one person from there who personally took this matter into his hands and recommended unheated blood be used. Why is it taking such a long time to get the culprits and pay the people? They cannot be paid; they have the disease now and for sure they are going to face death. Why is such laxness allowed?

A: The Ministry of Health and Welfare itself is now under investigation. In any case, Minister for Health and Welfare Naoto Kan officially apologized for the fact that the situation has been unresolved for a long time. It really is a pity that is the case. Since it is related to the lives and destinies of many people, we hope that the Ministry of Health and Welfare will continue to determine the truth.

Q: This doesn't give a satisfactory thing. If you have a person who has stolen something, he's a thief. If you go on discussing in academic ways or theoretical ways, but he's a thief, and the court gives a judgement.

A: I think your comparison is irrelevant. However, I think each Government has this kind of problem. Unfortunately, the Japanese Government is no exception to this. We have to find out the truth. Already, Minister for Health and Welfare Kan has apologized, and the Japanese Government is going to take appropriate measures. At the same time, many things are still under investigation.

VI. Issues regarding the International Labour Organization (ILO) report on the subject of comfort women

Q: This is about the ILO report on the comfort women. I want to know your comment or the Japanese Government Position this.

A: We understand that an expert committee under the International Labour Organization (ILO) stated that this

agenda should be formally included in the upcoming ILO conference. However, the ILO itself has not decided whether it should be included in the formal agenda of the upcoming conference. This is one point. The other point is that the Japanese Government has been dealing with this problem and other issues related to repatriations, claims, etc., in accordance with the San Francisco Peace Treaty, the other bilateral peace treaties, and the relevant treaties. On top of that, the Government set up the Asia Fund for Women, and we are now doing our best to let the Fund attain its objective. For the time being, we will explain the principle position of the Japanese Government to the ILO.

Q: So, the Women's Fund — is that an Asian fund?

A: Yes.

Q: Is it addressed specifically to the victims and relatives, or is it applicable to the general treatment of women? If it is general, could you name a few projects, especially in South Korea and China?

A: The previous Japanese Government, the former Murayama Government, proposed two basic measures for this purpose. One was to carry out projects to study past history, organizing seminars, and so on. This is one type of project, and we can probably add that we would invite scholars to come to Japan to exchange views, and so on. The other one is the establishment of the Asia Fund for Women. This money — the Fund itself is now doing its best to collect money from various parts of Japan — is going to be used solely for the comfort women, not for the other victims of the war.

Q: Will the Fund be applicable to Japan? The reason I ask this question is because there were many Japanese comfort women.

A: Yes, there were many Japanese comfort women, but none of them has ever raised the question; none of them has ever made a claim to the Japanese Government. We understand that regarding Koreans and Philippines, some have made official claims. We have to wait to see how the Chinese women will react. In any case, this fund is principally for those victims during the war. After the fund collects the money, how the money is handed over to the women will be a very delicate and difficult task. But, for the time being, they are in the process of collecting money.

Q: Referring to the Japanese comfort women. I think there were some women who were left behind in southeast Asian countries. I remember meeting one in Malaysia many years ago. She wanted something to be done for her, but she said nobody listens to her. Maybe they don't have the means or other things — they are

not being reached. There is a famous novel in Japanese, "Sandakan" in Malaysia.

A: "Sandakan" — those women are different from the comfort women during the war.

Q: Whatever. During the war, women were misused.

A: "Sandakan" — those women went to Asia long before the beginning of the second world war. In any case, after the Korean and other comfort women raised this issue, this issue was widely known in Japan. Up until now, not a single Japanese woman has made a claim to the Japanese Government.

Q: Face saving, maybe? Shame, maybe?

A: I have no comment.

Q: If they are known, then their children would suffer or something?

A: I do not want to intervene in any private matters. Thank you very much.

Japan: Hashimoto Orders Check on Effects of PRC Missile Tests

OW0603061196 Tokyo KYODO in English
0531 GMT 6 Mar 96

[FBIS Transcribed Text] Tokyo, March 6 KYODO — Prime Minister Ryutaro Hashimoto said Wednesday [6 March] he has ordered government agencies concerned to see if there are any effects on Japanese shipping from China's missile tests beginning Friday.

Hashimoto made the remarks to reporters at his official residence.

When asked about a sit-in protest in the Diet building by members of the largest opposition Shinshinto (New Frontier Party) against the government's "jusen" liquidation scheme for the moribund housing loan companies, Hashimoto said, "I'm more concerned about the situation in the Taiwan Strait."

A Chinese Foreign Ministry spokesman said in Beijing on Tuesday, "I don't think there will be any inaccuracies in the missile landings" in reference to the tests from Friday to March 15.

But military attaches in Beijing said the tests may reveal Beijing's willingness to establish a blockade of Taiwan's two largest ports of Keelung and Kaohsiung.

The tests will clearly disrupt shipping lanes to the ports as well as air routes to the island and will cause major problems for airlines and shipping companies in figuring out how to avoid the areas, one military attache said on condition of anonymity.

The tests are widely seen as an attempt by Beijing to curb the island's growing independence movement and undermine the reelection of President Li Teng-hui in Taiwan's first direct presidential elections March 23.

Japan: Government Urged To Clarify Roles in Asia
OW0503134196 Tokyo ASAHI SHIMBUN
in Japanese 29 Feb 96 Morning Edition p 5

[Editorial: "When Asia Changes, Japan's Roles Will Be Tested"]

[FBIS Translated Text] Amid heated discussion in the Diet over the housing loan companies [jusen] issue, Prime Minister Ryutaro Hashimoto will attend the first-ever summit of Asian and European leaders to be held in Bangkok, Thailand, on 1-2 March.

The Asia-Europe Meeting is significant in view of liberalizing trade, promoting investment, and strengthening political dialogue between Asia and Europe. On the other hand, great expectations have been pinned on Japan itself.

The meeting indicates that the Asian situation surrounding Japan is greatly changing.

Relations between Asian and European countries are relatively distant compared with the close relations between Asia and the United States as well as those between Europe and the United States. Particularly, their multilateral dialogue has been so far limited to a working-level meeting. After the European Union (EU) accepted an ASEAN request, the current summit was rapidly arranged.

It is unique that the United States is not attending an important international meeting to be attended by Japan.

On the whole, this means that the relationship of Asia, the United States, and Europe has entered an era of a tripolar structure, in which each of them keeps the other two at the same distance. At the same time, this indicates that international relations have become more multipolarized after the end of the Cold War. It is expected that ASEAN will further promote diversification in its relations with foreign countries.

Can we say Japan is adequately dealing with these changes? In recent days, the Japanese administration, which is busy with domestic issues, has failed to keep up with a variety of changes surrounding Asia.

Most Asian nations see Japan as a partner with overwhelming power in the economic field such as investment, trade, and assistance. However, each nation has begun to take a cool view of Japan's political role in

Asia. Behind this are the slump in the Japanese economy after the collapse of the so-called bubble economy and the confusion in Japanese politics and society.

Japan has been proud of its role of acting on behalf of other Asian countries at summit talks of major economic powers and other international meetings. However, it seems that this role is about to end. Through direct channels, Asian countries, including ASEAN members, are communicating with and making themselves understood by the United States and West European countries.

Because of this, Japan is required to recover and enhance international trust singlehandedly.

What Japan has to do more than anything else is to clearly show its role and future course. There are many areas in which Japan can make contributions to international society; Japan can expand its domestic demands for mutual development; ease regulations and reform its administrative system; and deal with social and environmental problems, such as drug and refugee issues.

Japan has to get rid of its idea of making a decision on whether it should side with Asia or Europe, or Asia or the United States. This is another area where Japan can fulfill its role.

Everyday efforts to ease the international community's sense of distrust of Japan is important. It should not be forgotten that the international community is suspicious of the current Japanese politics and leaders.

To European and Asian countries, which once were in the relationship of suzerain states and colonies, the forthcoming meeting is a chance to confirm an "equal relationship."

Japan, too, has to think about ideal way of future relations with many Asian countries that experienced colonial rule by Japan and war.

Prime Minister Hashimoto is a well-known Japanese politician to Asian countries. At the same time, however, these countries are also wary of Japanese politicians' respect for Hashimoto motivated by fear. We hope that he will get relaxed first and try to build a relationship of trust with leaders of each country.

A summit between Japan and the ROK will be of special importance. The prime minister should try hard to mend Japan-ROK ties, which are in an irritating state over the territorial issue involving Takeshima (called Tok Do in South Korea). Responsibilities of the two countries' leaders are quite heavy.

Building a relationship of trust between leaders of all countries at the meeting will serve as a foundation for

peace and stability in Asia. For this reason also, we hope that the prime minister's trip will become the first step toward reconstruction of trust in Japan.

**Japan: Background of Hashimoto-Kim Meeting
Viewed**

*OW0503/33696 Tokyo YOMIURI SHIMBUN
in Japanese 29 Feb 96 Morning Edition p 3*

[FBIS Translated Text] In a complete turn of events, it was decided on 28 February that the planned Japan-ROK summit, which seemed likely to be canceled due to ROK resentment against Japan regarding a territorial dispute over Takeshima, will be held on 2 March. It is reported that the decision was made because in addition to anti-Japanese sentiments subsiding in the ROK, the Japanese and ROK Governments judged that "letting bilateral relations further cool down would not be beneficial," as both countries face the problem of dealing with the DPRK (North Korea). Moreover, the diplomatic authorities of both countries sense strong crisis in that "if the leaders of the two countries miss this opportunity to meet at a third country, they will likely be unable to hold a meeting for awhile, arguing over who should fly over to meet the other" (according to a senior Foreign Ministry official). Observers believe that such pressure from below, so to speak, has influenced the ROK President's Office, in particular, to make a final decision.

The Japanese Government initially asserted that it would not formally request a meeting. This was because it intended "to take a firm stance to let the ROK know that Japan has no intention of making concessions over the territorial issue" (according to a government source). On the other hand, some Foreign Ministry officials, who felt that the "deterioration of Japanese-ROK relations would have adverse effects on the stability of the Asia-Pacific region," had been working behind the scenes to pave the way for breaking the deadlocked situation.

The ROK Government announced that it has agreed to hold the summit "because the cooling of ROK-Japanese relations is undesirable in consideration of the importance of bilateral relations." The summit came to be realized following the two countries' mutually acknowledging this point.

In regard to the Takeshima issue, Prime Minister Ryutaro Hashimoto plans to reiterate Japan's traditional stance at the summit that Takeshima is "sovereign Japanese territory." At the same time, he plans to assert the Japanese Government's intention to separate the territorial dispute from the issue of establishing a 200-nautical mile exclusive economic zone [EEZ] in line with the UN Convention on the Law of the Sea. In

response, ROK President Kim Young-sam is expected to indicate that the ROK will agree to holding negotiations on the EEZ, while asserting ROK claims that "Tok Do (ROK name for Takeshima) is a sovereign ROK territory."

Plans are to deal with the territorial dispute by separating it from the EEZ issue "to prevent individual issues from affecting Japanese-ROK relations in general and harming friendly bilateral ties" (according to a top Foreign Ministry official). Apparently, the most important point in the upcoming meeting will be to use this strategy "to bring Japanese-ROK relations back on track" (according to a government source).

Japan: Banks To Accept Government's 'Jusen' Liquidation Plan

*OW0503151296 Tokyo KYODO in English
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[FBIS Transcribed Text] Tokyo, March 5 KYODO — The Japanese banking community will accept the ruling coalition's request to pay an additional 500 billion yen of the cost of helping liquidate seven housing loan companies, banking industry officials said Tuesday.

Financial institutions, including "city" major commercial banks, long-term credit banks, trust banks and regional banks, are prepared to jointly pay the 500 billion yen in the form of additional tax payments to be spread over the next seven years, the officials said.

The tax will be paid out of a 1.5 trillion yen additional revenue the banks said they could raise through expanded rationalization programs to be devised by each bank by the end of this month, they said.

Under the original liquidation cost-sharing plan, the banks which founded the housing loan companies, known as "jusen," were to bear a total of 3.5 trillion yen in costs, other banks 1.7 trillion yen and financial institutions of agricultural cooperatives 530 billion yen.

The plan to have the banks pay the extra cost was devised by the government in a bid to win public support for a plan to spend 685 billion yen in tax money and to smooth the way for parliamentary passage of the fiscal 1996 budget that includes the outlay.

The opposition camp is using the tactics of blocking a voting session to approve the fiscal 1996 budget.

Financial institutions earlier revealed rationalization programs to eliminate some jobs and reduce the number of their branches but the plans met criticism as limited.

The new plan to have the banks pay more toward liquidating the jusen companies is an amended version of a plan the coalition presented Monday evening to

Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan.

The original plan called for having the financial institutions pay the 500 billion yen over the next five years, instead of seven years, and financing institutions affiliated with farm cooperatives pay 180 billion yen.

Japan: Leading Banker: No Hard Commitment on Cost-Cutting Demand

*OW0503150996 Tokyo KYODO in English
19:11 GMT 5 Mar 96*

[FBIS Transcribed Text] Tokyo, March 5 KYODO — A leader of the banking industry said Tuesday [5 March] private financial institutions have made no commitment to undertake 1.5 trillion yen in cost-cutting demanded by the ruling coalition by way of their greater contribution to settling the nation's bad loan mess.

Noting that the restructuring figure is not a pledge but a target, Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan, said the industry will make its utmost efforts to meet the coalition demand.

At a regular press conference, Hashimoto, president of Fuji Bank, said the three-party ruling coalition has requested that private financial institutions save 1.5 trillion yen over a seven-year period through restructuring efforts and return 500 billion yen of it to the national coffers in the form of tax payments.

The governing coalition is now seeking to have greater financial burdens assumed by the private sector under a government-proposed scheme to liquidate seven virtually bankrupt mortgage companies, the centerpieces of the bad loan mess.

Hashimoto said, "The industry will further strengthen restructuring efforts, taking the request from the coalition seriously."

"Such restructuring efforts may be acceptable to shareholders. The extra revenue to be raised through restructuring efforts will be used to indirectly offset the use of 685 billion yen in taxpayers' money for the liquidation scheme," he said.

However, Hashimoto said, "Since the figure is the government's expectation, the private sector will be free from penalty even if the results fall short of the targeted amount."

Hashimoto said he understands the cost-cutting request from the ruling coalition covers life and nonlife insurers, credit cooperatives and other institutions, in addition to banks that founded the seven moribund mortgage companies.

Restructuring plans, however, should be worked out voluntarily by individual institutions, considering their financial positions, he said.

"Envisaged cost-cutting efforts will be accepted positively on the overseas market," Hashimoto said, expressing hopes for restoring international confidence in Japan's banking system battered by the bad loan problem.

Under the government's scheme, the founding banks will write off 3.5 trillion yen in loans to the mortgage companies.

They will also make contributions to a special fund to be created to help clean up the bad loan mess, while making low-interest loans to an organization to be set up to take over loans from the mortgage companies following their dissolution.

The ruling coalition, however, had asked the private sector for greater financial burdens in a bid to ease public anger over the use of taxpayers' money and to facilitate Diet approval of the fiscal 1996 budget plan, which includes the 685 billion yen disbursement for the liquidation scheme.

The banking industry and the ruling coalition reached a basic accord Monday night under which the private sector will shoulder what the government calls greater burdens by raising profit through restructuring and return part of it to the public coffers in the form of tax payments.

The banking industry accepted "heavier burdens" through the promotion of restructuring, but rejected four other options presented by the ruling coalition, Hashimoto said.

The four rejected options were additional contributions to the special fund, a further hike in Deposit Insurance Corp. premium rates, purchases of government bonds without interest rates, and giving priority in returning profits of the loan-recovering organization to the national coffers, he said.

Japan: Proposal Made To 'Freeze' 'Jusen' Liquidation Budget

OW0503134696 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Mar 96 Morning Edition p 1

[FBIS Translated Text] A plan to spend 685 billion yen for liquidation of special housing loan corporations (jusen) was incorporated into a draft budget for fiscal 1996. In this regard, on 29 February, some Liberal Democratic Party [LDP] members began to call for a "freeze" of the plan. This is designed to cover the financial expenditure for the liquidation plan by

increasing the burdens of financial institutions who created jusen and offering low-interest loans. In effect, it is a proposal to avoid the use of taxpayers' money while approving the draft budget without change. The mother banks are assuming a posture of rejecting the idea of increasing their burdens. Moreover, the call may be linked to a collapse of the government's plan itself to deal with the jusen issue. Therefore, it is uncertain if the call will be realized. Since the House of Representatives will take a vote on the draft budget, however, it seems likely that the debate over the government's plan will be rekindled.

At a general meeting, former Mitsuzuka faction held on the afternoon of 29 February, former LDP Secretary General Hiroshi Mitsuzuka explained his proposal to cover the financial expenditure by increasing burdens of the mother banks and the Central Bank for Agriculture and Forestry. He demanded the government study his proposal. At its general meeting on the afternoon of the same day, the former Watanabe faction came up with a proposal to make the mother banks give low-interest loans to savings insurance institutions for the financial expenditure amount. This is designed to actually cut the financial expenditure from the budget. The former Watanabe faction plans to ask Secretary General Koichi Kato as early as 1 March to study the proposal.

At an LDP meeting held on the morning of 29 February between its executive department and lower house budget committee, attendees expressed their opinions, calling for an increase of the mother banks' burden.

The government and ruling parties had launched a policy that they would neither change the framework of the jusen liquidation measure nor rearrange the draft budget. The proposal to freeze the budget is aimed at actually shelving the financial expenditure while keeping the government's policy intact for the time being. The story behind it is that the government has an ulterior motive to avoid further criticism from the people as the next-term lower house election nears.

Nevertheless, the freeze proposal relies on the idea of increasing burdens of the financial institutions, including mother banks. The proposal lacks financial backing because the mother banks are assuming a posture of rejecting further increases of their burdens. Both the Social Democratic Party and the Harbinger Party are negative about the freeze proposal. Also, there is a time limit and it will be difficult to approve the budget draft before the end of this fiscal year unless the draft budget is sent to the House of Councilors by the middle of next week. Therefore, it is uncertain how big the movement to support the freeze proposal will grow.

Japan: Coalition Making Last-Ditch Effort To Pass Budget

OW0603072796 Tokyo KYODO in English
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[FBIS Transcribed Text] Tokyo, March 6 KYODO — The ruling coalition is making last-ditch efforts Wednesday [6 March] to pass the fiscal 1996 budget through the house of representatives, with the opposition entering the third day of its budget committee blockade.

The secretaries general of the ruling parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] — and the main opposition party Shinshinto (New Frontier Party) met and adjourned without reaching an accord.

They are to meet again later in the afternoon.

Shinshinto members have been blockading the budget committee room since Monday morning to prevent the panel from convening and voting on the 75.1 trillion yen budget.

The main opposition party is sticking to its demand to remove from the budget the controversial 685 billion yen in taxpayers' money to be allocated for liquidating seven failed housing loan companies, known as "jusen," coalition and opposition officials said.

Shinshinto also rejected the ruling alliance's calls to lift the blockade, despite the ruling camp's proposal that they continue discussing the jusen issue at a new special committee to be set up to legislate the liquidation scheme.

The ruling parties told Shinshinto that the 685 billion yen allocation would not be spent until the proposed panel agrees on the legislation.

The opposition also reiterated its request for Diet testimony by LDP Secretary General Koichi Kato, who is suspected of receiving 10 million yen secret donation from a major debtor to one of the failed housing loan companies.

Kato told reporters after the meeting that he will abide by a decision to be made by heads of the ruling and opposition parties' Diet affairs committees on the testimony issue.

Wednesday is viewed by the coalition as the deadline for a lower house passage of the budget bills in order to avoid being forced to compile a provisional budget for fiscal 1996, starting April 1.

If the 1996 budget passes the lower house Wednesday, it will become law automatically April 4, without the need of going through the less powerful House of Councillors.

The ruling coalition agreed Tuesday to seek increased contributions from financial institutions for the liquidation scheme in a bid to soften Shinshinto's attitude and gain public support of the use of tax money.

In a meeting Tuesday afternoon, the government accepted a package of additional measures for the liquidation scheme for the housing loan companies, a government spokesman said. The package was worked out by the three ruling parties.

The additional measures urge jusen founder banks and agricultural financial institutions — big lenders to the moribund housing loan companies — to contribute more to the liquidation scheme.

These founder banks and farm institutions will be asked to restructure their organizations and streamline their managements in order to create 2.1-2.2 trillion yen in profit over seven years, with a total of about 680 billion yen going to the state in the form of increased corporate taxes.

Japan: Industrialists Criticize Additional 'Jusen' Scheme

OW0503163496 Tokyo KYODO in English
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[FBIS Transcribed Text] Tokyo, March 5 KYODO — Business leaders Tuesday [5 March] criticized as "shady" extra measures for the liquidation of "jusen" housing loan companies as shown in the fresh agreement between the ruling coalition and the banking industry.

The agreement will lower Japan's international rating, rather than raise it as intended, because it is not clear how the scheme was worked out, Susumu Temporin, vice chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said at a press conference.

Earlier in the day, the banking industry accepted the tripartite coalition's addition liquidation plan to have the jusen's founder banks shoulder another 500 billion yen for the disposal of the seven failed mortgage companies.

Specifically, the accord calls for the banks to produce 1.5 trillion yen in profits over seven years through the promotion of restructuring and pay 500 billion yen in taxes to the government.

At the regular press conference, criticism of the additional scheme was triggered by Keizai Doyukai Chairman Jiro Ushio, who said that rationalization of operations is nothing special.

Banks should say they will further promote rationalization and pay taxes of more than 500 billion yen, Ushio said, indicating that the fresh agreement will not become an additional burden for the banks.

Tempo's said it is natural that the public does not understand the overall liquidation scheme because it is not designed to deal with the problem but to give preferential treatment to agricultural financial institutions, the biggest lenders to *jusen*, to ensure the reelection of lawmakers and the survival of the coalition parties.

Koichi Minaguchi, head of Keizai Doyukai's advisory committee, said the question of *jusen* should be left to the market. At stake are the disclosure of relevant information and the assumption of responsibility by parties involved, he added.

Japan: Nikkeiren Leader Criticizes Additional 'Jusen Scheme'

OW0603130996 Tokyo KYODO in English
0758 GMT 6 Mar 96

[FBIS Transcribed Text] Tokyo, March 6 KYODO — An influential business leader Wednesday [6 March] criticized an additional scheme to liquidate seven insolvent "jusen" housing loan companies as "illogical and beyond understanding."

If banks fall into the red, they will not be able to pay taxes as predicted in the scheme, Jiro Nemoto, president of the Japan Federation of Employers' Associations (nikkeiren), said at a press conference.

The additional scheme aims to compensate for the planned use of 685 billion yen in taxpayers' money mainly by using 500 billion yen in additional taxes that the banks are expected to pay out of 1.5 trillion yen in profits they will earn over seven years by promoting rationalization programs.

Businesses, including banks, should rationalize operations, nemoto said. However, the scheme is called "deceitful" because there is no guarantee that banks can secure the expected profit which will be determined by interest rates and various other factors, he added.

The additional measure was drafted by the tripartite ruling coalition and approved by the government Tuesday.

With regard to the proposed finance ministry monitoring of banks' restructuring efforts, Nemoto said no law exists to serve as the basis for such action.

Japan: Major Osaka 'Jusen' Debtor Draws Loans From Nonbanks

OW0503151196 Tokyo KYODO in English
2013 GMT 5 Mar 96

[FBIS Transcribed Text] OSAKA, March 5 KYODO — A heavily indebted Osaka realtor has drawn a huge amount of funds from three nonbank moneylenders

established by bankrupt mortgage lenders known as "jusen," business sources said Tuesday.

The company, Fuji Juken Co., was listed as one of the major debtors of the housing loan companies in government data released last month.

The sources said the three nonbanking firms were established jointly by the housing loan firms and regional banks between 1987 and 1989 to provide loans to small-scale real estate companies.

The three companies are JAC and Osaka Finance, both based in Osaka, and Eastern Corp., headquartered in Tokyo.

The three nonbanks had about 460 billion yen in the outstanding balance of loans in the peak year of 1990, including more than 50 billion yen to the Fuji Juken group.

The outstanding balance of loans held by the companies at present stands at about 260 billion yen, including 40 billion yen to Fuji Juken, but most of the loans have become irrecoverable, the sources said.

JAC, established jointly with Japan Housing Loan Inc., one of seven failed mortgage lenders, has about 80 billion yen in outstanding loans. Its loans to the Fuji Juken group totaled about 50 billion yen at one time, the sources said.

Japan Housing Loan's loans to JAC totaled about 56 billion yen in August 1994.

Osaka Finance was founded jointly by nonbanking affiliates of Hanwa Bank, a regional bank. The company borrowed funds from two mortgage lenders, Daiichi Housing Loan Co. and Chigin-Seiho Housing Loan Co., and provided loans totaling about 20 billion yen to the Fuji Juken group.

Eastern Corp. was created jointly by four housing loan companies, Japan Housing Loan, Jyuso Inc., Daiichi Housing Loan and Chigin-Seiho Housing Loan, and also provided loans to the Fuji Juken group, the sources said.

The housing loan companies later withdrew funds from the three finance firms.

Fuji Juken officials said the three companies were established to engage in financial business but their reconstruction is now difficult.

North Korea

DPRK: Kim Chong-il Attends Military Band Performance 5 Mar

SK0503225996 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 5 Mar 96

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], attended a performance celebrating the 50th founding anniversary of the military band of the KPA Supreme Command. On 5 March, Comrade Kim Chong-il, chairman of the DPRK National Defense Commission, KPA supreme commander, and great leader [widachan yongdoja] of our party and people, attended a performance celebrating the 50th founding anniversary of the military band of the KPA Supreme Command.

Comrade Cho Myong-nok, director of the KPA General Political Bureau and KPA vice marshal; Comrade Yi Ha-il, KPA vice marshal; Comrade Kim Myong-kuk, Comrade Kim Ha-kyu, and Comrade Hyon Choi-hae, generals; Comrade Pak Chae-kyong, colonel general; and KPA general-grade officers and officers attended the performance.

Comrade Kye Ung-tae, Comrade Choe Tae-pok, Comrade Kim Ki-nam, Comrade Kim Kuk-tae, and Comrade Kim Yong-sun, secretaries of the Workers Party of Korea Central Committee, also attended the performance.

Composers and players of the military band were filled with boundless emotion and joy at having the respected and beloved comrade supreme commander [kyongachan-nun choego saryonggwan tongji], who has just returned from an inspection of an outpost at the forefront, in attendance at the significant performance. Starting with the playing of wind instruments, the national anthem, "the song of General Kim Il-song," "Comrade Kim Chong-il is Our Supreme Commander," "Anti-Japanese Battle Song," "the Song of the KPA," "The Thundering of Chongil Peak," "Let Us Uphold Our Supreme Commander With Armed Force," a trombone solo "Here Comes the leader [suryong] of Korea," a trumpet solo "I Think As I Behold You," a trumpet concerto with wind instruments "Soldiers, Be Heroes," and many other repertoires were played at the performance.

The players played songs of revolution and struggle that were sung on every significant occasion in the history of our revolution, which is filled with victory and glory. They unsparingly displayed their magnificent appearance as a revolutionary and military art unit.

The military band of the Supreme Command is a meritorious military band with a long history and tradition.

During the 50 years since its founding, the military band successfully performed at 1,922 ceremonies attended by the great leader [suryong] and the respected and beloved comrade supreme commander, 33 military parades, including those on the days celebrating the victory in the fatherland liberation war, 44 mass rallies, and more than 7,260 state ceremonies.

Throughout the performance, the players demonstrated iron will and faith, as well as the indomitable spirit and fighting spirit of our People's Army and people, who want to defend the respected and beloved comrade supreme commander with their lives like rifles and guns and complete the chuche revolutionary cause to the end, following the leadership of the great general.

After viewing the performance, Comrade Kim Chong-il highly appraised the passion of the composers and players of the military band, and congratulated their 50th founding anniversary. Comrade Kim Chong-il recalled with deep emotion the great feats of the military band of the Supreme Command made for the party, the revolution, the fatherland, and the people during the past 50 years. The military band achieved great feats by loyally upholding the leadership of the party, while traversing the proud militant course and excellently performing their honorable revolutionary tasks.

Comrade Kim Chong-il highly appraised the military band, saying that at every turning point of the revolution, the military music artists played revolutionary and militant military music and inspired and led the People's Army and people to the struggle to build a new fatherland, to smash the enemies, to build socialism, and to implement the party's military lines. Comrade Kim Chong-il gave light to the future direction of the military band, saying that composers and players of the military band of the Supreme Command should be firmly armed with our party's chuche-oriented art ideology, and should create more revolutionary performances for soldiers and the people.

All composers and players of the military band were deeply moved and overjoyed by the fact that Comrade Kim Chong-il, respected and beloved supreme commander, cherished their performance and gave a valuable teaching, without relief from fatigue despite having gone as far as the outpost of the forefront for on-the-spot guidance to People's Army units. They were filled with the ardent resolution to defend with their lives the brain of the revolution headed by the great general, and to make a new turning point in creating military music and to actively contribute to inspiring all People's Army officers and men and the people in the reunification of the fatherland and the implementation of the chuche revolutionary cause.

DPRK: Sopyonyang Plant Solves Problems Using
Taean Work System963CD008C Pyongyang MINJU CHOSON in Korean
9 Nov 95 p 3

[The author is a Minju Choson reporter]

[FBIS Translated Text] The dear leader Kim Il-song has created and the great comrade Kim Chong-il has led the socialistic chuche economic management system and the Taean work system into a shining reality. These systems are demonstrating profound vitality in the solemn implementation of the socialist economic construction in Korea. We can find a plain example of the vitality at the Sopyonyang Bearing Plant.

At the Sopyonyang Bearing Plant, the requirements of the great Taean work system, which was created by the fatherly leader, were faithfully applied to the economic management of the plant, resulting in endless manufacturing innovations. As a result, this plant provides solid guarantee for manufacturing bearings needed in the production of coal and ore tubs.

The great leader Kim Chong-il has pointed out the following.

"In the Taean work system, all functionaries join the workers in the manufacturing sector and strengthen political and personnel projects so that the workers participate in the enterprise management as masters. The workers then carry out revolutionary tasks given them with revolutionary zeal and creative eagerness."

As is required by the Taean work system, the functionaries of this plant always join deep in the midst of the production mass and raise the mass' creative eagerness led by political projects. The functionaries successfully resolve problems associated with such activities.

The struggle to remodel carbon [steel?] nitrifying furnace at this plant is such an example.

Early this year, some problems arose in remodeling carbon nitrifying furnaces. This year, the plant was given the task of manufacturing more bearings than ever before.

It was necessary to remodel existing carbon nitrifying furnaces to increase decisively the production of bearings to meet the demand for expanding reality. This was the only way to shorten the carbon nitrifying cycle and increase the bearing production.

The plant's executives joined the workers and technicians to let them clearly realize that the preparation needed for the increased production of bearings is to remodel carbon nitrifying furnaces. The executives sat down with the workers and engaged in sincere dis-

cussions to find ways to remodel the furnaces. During these discussions, technicians proposed to line the inside of the carbon nitrifying furnaces with insulating bricks rather than with refractory bricks.

The executives checked the economic viability of the proposal with the technicians. The outcome was very optimistic.

If the carbon nitrifying furnaces were lined with insulating bricks, a large quantity of carbon nitrification material can be saved with much shorter heating period. To transform this possibility into reality, however, many problems had to be solved.

An urgent problem to be solved was insulating bricks. One day while much argument still raged about insulating bricks, the plant director with several technicians visited a factory that manufactures insulating bricks from the ashes produced by the Pyongyang Thermo-electric Power Generation Complex. After watching the manufacturing process carefully, the plant director was convinced that they can manufacture insulating bricks by themselves.

He broached his inner thought to the technicians. The technicians also agreed that they can manufacture insulating bricks without much difficulty if they had good supply of white ashes.

The plant director estimated with the technicians the amount of white ashes needed. They needed at least 10 tons or more. It is not easy to collect over 10 tons of white ashes that float on water surface.

After returning, the plant director let the plant workers understand the importance and consequences of collecting white ashes, and led them in the practical struggle [to collect the ashes]. The workers were stirred and encouraged by their leader's example. As a result, the necessary amount of ashes were collected in slightly over two weeks.

The plant executives were deeply convinced that anything is possible with the creative power of the mass, and led the workers and technicians into the struggle to implement the process to manufacture insulating bricks. Through the self-sacrificing struggle of the workers and technicians, the process to manufacture insulating bricks was successfully implemented in a short period. This was, however, just the beginning. The furnace remodeling proved to be a much more difficult task.

Many people had different opinions about the furnace remodeling. Some proposed to remodel existing furnaces after some experiments.

After careful considerations, the planning staff has decided to line the Nos. 5 and 6 furnaces with insulating

bricks, which were scheduled to be vigorously built in anticipation of future production outlook.

Based on the battle plan of the planning staff, technicians including comrades Kim Ki-hyon and Kim Sung-tu stepped up the furnace design, and the workers in the engineering department mobilized internal reserves and fabricated pipe products. Everyday, the executives joined the workers, encouraged their struggle, and provided their needs.

Results were noteworthy. The No. 5 furnace was completed early last June, one month after the battle began.

However, the result of test operating the No. 5 furnace, which was vigorously built with the lofty expectations and interest of the entire plant, was unsatisfactory.

Not only the nichrome wires wound as coils and installed inside the furnace drooped down when heated, but also the raw material placed in the furnace was not heated properly.

When such a dedicated work failed, some began to give up. After glancing over the disappointed workers, the plant director quietly stood up.

"In a struggle to create something new, how can we expect not to have any difficulties?

We should not lose ourselves. Instead, let us combine our strength and wisdom to search for the cause of the failure."

His eager appeal stoked new strength and courage in the workers and technicians.

Informal consulting meeting took place in front of the furnace. They agreed to wind the nichrome wires as waves, not as coils, and to install more nichrome wires. They also agreed to line the furnace with a double wall of insulating bricks, not a single wall.

The reward for remodeling the furnace according to the newly proposed, revolutionary proposals was indeed great.

The heating of the raw materials proceeded so fast that the carbon nitrifying cycle was shortened from the previous 40 hours to 16 hours. In addition, visibly less electricity and carbon nitrifying material were consumed.

Practical education has always great power of persuasion.

The enthusiasm of the workers and technicians soared as they saw the great results from the furnace they so vigorously built using the new method.

Accordingly, the plant executives expanded their work. They decided to remodel four existing furnaces simultaneously, provided practical battle orders to working groups, and planned for aggressive support.

Projects that have been organized to match the soaring enthusiasm of the mass will always bring rewarding results.

All functionaries, workers and technicians of the plant dismantled all four furnaces in one day, and vigorously built new furnaces with insulating bricks.

As the heating furnaces, which were vigorously built using the creative power of the mass, began to operate at full load, the bearing production rapidly increased. As a result, this plant produced unprecedented amount of bearings last October, which was the fiftieth anniversary of the party.

The practical experience of this plant demonstrates that any tasks, however formidable, can be performed and new transformation can be achieved in manufacturing when the revolutionary zeal and creative assertiveness of the production workers are aggressively exalted as required by the Taean work system.

DPRK: Successes of Metallurgy Research Scientists Reported

963C0008B Pyongyang MINJU CHOSON in Korean
17 Nov 95 p 4

[The author is a Minju Choson reporter]

[FBIS Translated Text] The scientists of the Black Metal Research Institute of the National Academy of Sciences, who are burning with the desire to support the party and glorify socialism, have carried out research work in revolutionary manner and achieved many results.

Recently research groups of this institute carried the eagerness to study in their backpacks and plunged into the raging reality. They worked together with workers and technicians and solved S&T problems they faced, thus greatly accelerating production. In particular, these research teams satisfactorily solved more than 10 important S&T problems in the course of carrying out revolutionary research activities in many factories and enterprises in the Pyongyang, Hungnam, Namhung and Nampo areas. This success not only led to increased productivity and improved product quality, but also established new manufacturing processes.

The great leader Kim Chong-il has pointed out the following.

"Scientists and engineers should firmly plant their feet into the reality, study problems faced in constructing

socialism, and conduct their scientific research accordingly. They should be responsible for solving the S&T problems that arise in applying their research results to production."

The scientists of the metallurgy research group [of the Black Metal Research Institute], who faithfully support the intentions of the party, went to the Hungnam Fertilizer Complex. During their effort to understand the production situation thoroughly, they found a new scheme to guarantee the production of stainless steel needed for repair parts of the manufacturing facility from chuche [domestically available] raw materials. The researchers implemented their scheme with the factory workers and technicians, and concentrated on proving the advantages and superiority of the chuche raw materials. Based on this success, they have established a unique engineering process for manufacturing stainless steel from chuche raw materials. They have succeeded in melting stainless steel made from domestically available raw materials in a 0.5-ton induction furnace. This success firmly guaranteed internal supply of stainless steel needed by the Hungnam Fertilizer Complex to manufacture maintenance and repair parts.

At the same time, the scientists of the metallurgy research group had great success in a new study to manufacture refractory materials from domestically available raw materials. In carrying out research and experiments in the factory, the group has found a new stabilizer that plays an important role in the manufacturing of the refractory material made from domestically available raw materials. They have established the application method of the new stabilizer with high scientific and engineering certainty. They have also developed a new additive to be used when the raw materials are baked in a vertical kiln, thus enabling the factory to manufacture a high-quality refractory material that resists weathering and prolongs the furnace life.

On the other hand, the scientists of the precision alloy research group have made a substantial progress in providing scientific and engineering guarantee to manufacture high-quality silicon steel plates used in the production of electric motors. This research group, which had been studying silicon steel plates for a long time, aggressively carried out their research at many factories and enterprises, including the Taedonggang Electric Factory. During this effort, the group found an important scientific key to improve the quality of silicon steel plates for electric motors, and the scientists pursued their discovery further. They worked together with the factory workers and technicians, and successfully solved important problems in improving the quality of silicon steel plates, such as the formation of directional structure in an ingot and improved plasticity of the

steel plates. As a result, the scientists were able to contribute to the stable manufacturing of electric motors and improved quality of the motors.

The scientists of the precision alloy research group, who did not want to stop after this success, also succeeded in achieving great results in the study of implementing a new rolling method in the cold rolling process used at the branch rolling plant of the Nampo Integrated Smeltery.

While they were surveying rolling processes in detail, they found limitations of conventional rolling methods. They set a bold goal of implementing a new rolling method that overcame these limitations and conducted joint research with the technicians of the smeltery. The researchers realized, through repeated studies, that the key to their solution was to control the tangential speed of the rolling press, and they found a more rational control method after intense consultation with the plant technicians.

As a result of implementing the new rolling method, which has been developed by these hardworking scientists, the branch plant can now reap economic benefit from the existing facilities without much additional investments.

With the implementation of the new rolling method, the plant can now save a great deal of energy, raw materials, and labor, and rolling press wearing is also reduced in half. In addition to these savings, not only the quality of the manufactured colored metal plates was improved substantially, but the units that use these colored metal plates could save the amount they used by one-half while increasing cooling efficiency.

These scientists set their feet firmly into the reality and aggressively carried out their research, thus clearly demonstrating again the true vitality of the party's goals through practical applications. They continue their forceful struggle in factories to further extend their current achievements.

DPRK Research Scientists Develop New Thrombosis Medicine

963C0008A Pyongyang MINJU CHOSON in Korean
24 Nov 95 p 5

[The author is a Minju Choson reporter]

[FBIS Translated Text] The great leader Kim Chong-il has pointed out the following.

"In the bioengineering field, a great emphasis should be placed on the development of modern biology, such as

cellular engineering, genetic engineering, and microbiological engineering. The achievements of modern biology should widely be incorporated into agriculture, animal husbandry, medicine, and food engineering to produce agricultural products with high productivity, breed new types of domesticated animals, and to manufacture diverse types of high quality medicine and food in large quantity."

Recently, bioengineers are developing many new medicines, which are effective in keeping people healthy and cure diseases.

An injection medicine called "atroksopillis [phonetic translation]" is one of the new medicines.

This injection medicine, which was studied and developed by the scientists in cellular and genetic engineering division of the National Academy of Sciences, are very effective in treating thrombosis. This medicine is attracting attention of specialists for its special effectiveness in treating cerebral thrombosis, myocardial infarction, and spontaneous gangrene. According to experimental data, atroksopillis has demonstrated much better healing power than existing medicines for thrombosis.

Atroksopillis, which is very effective in treating thrombosis, is made from an extract from an animal common in Korea, and can be fabricated easily anywhere because its manufacturing method is simple.

According to experts, this injection medicine must be used for more than 10 days to be effective. The medicine can be drip infused once every other day into a vein.

The development of this medicine, which is well received in medical science because of its high efficiency, ease of manufacturing, and ample raw materials, was achieved through hard work by the workers and researchers in the cellular and genetic engineering division of the National Academy of Sciences, who loyally supported the noble goals of the party.

A research team, which consisted of Associate PhD Yi Hae-suk, Paek Chin-song, Kim Yon-hui and Kim Yong-chol, greatly contributed to the development of bioengineering. They supported from the bottom of their heart the party's policy to achieve plentiful production of diverse high-quality medicines that improve people's health, and carried out steady research for many years.

To produce highly effective medicines from chuche [domestically available] raw materials, these researchers conducted extensive surveys and analyses of many plants and animals available in Korea, and studied numerous references to carry out their sincere research project.

Once they had obtained solid scientific data that they could produce highly effective injection medicine for thrombosis, they accelerated the pace of their research, and found a rational method to separate the active ingredient. They fabricated a unique apparatus to extract the active ingredient, and were able to accurately determine reaction rheobase, purity and active unit of the extracted ingredient.

These researchers also maintained close contact with public health officials, and carried out experiments to verify the effectiveness of the injection medicine.

As a result of this sincere research, the research group was eventually able to produce a highly effective medicine that contributes to improved public health and treating people's disease.

Our scientists, who are forever loyal to the party and the leader, have faithfully followed the revolutionary spirit of self-reliance and arduous struggle in developing this medicine, which is expected to be very effective in the future.

South Korea

ROK: U.S. Customs 1995 Seizures of Counterfeit Goods Reported

SK2802043196 Seoul *THE KOREA TIMES* in English 28 Feb 96 p 8

[FBIS Transcribed Text] Korean goods were affected most by the United States' seizure of shipments for infringement of intellectual property rights (IPR) last year.

The U.S. Customs reported 954 seizures of counterfeit goods from Korea, 45.6 percent of the total, according to the Korea Foreign Trade Association (KFTA).

Customs also stated that the confiscation of the Korean-made fake goods rose 140 percent in 1995. At 7.04 million dollars Korea was second to China in terms of the dollar value of seized goods.

Seized counterfeit merchandise from China was worth a total of 8.74 million dollars. Hong Kong and Taiwan followed the two leading nations with 3.69 and 3.03 million dollars, respectively.

The seized Korean goods were mainly handbags, wallets, backpacks, luggage, and coin purses. Other goods included blankets, apparel, watches and jewelry.

Most confiscated Chinese goods were clothes, video tapes, Christmas lights, hats and shoes.

The U.S. Customs is revising the data in order to reduce the share of seizures, attributed to "unknown" countries

of origin. A Customs meeting is expected soon for the purpose.

"This could mean that the share of total seizures attributed to Korea as a percentage of the total could go up or down in the revised version of the list," according to the KFTA branch office in Washington.

A KFTA official expressed concern the fact that Korean-made goods took the largest share of seizures along with products from China will greatly undermine the image of legitimate Korean products in U.S. markets.

He called for comprehensive steps to put an end to counterfeit goods, saying that an increasing number of such items will inflict considerable damage on other manufacturers by, for instance, prompting the relevant U.S. authorities to slow customs clearance procedures for Korean goods.

ROK: U.S. Provides Documents Related to Kwangju Uprising

SK0603083396 Seoul YONHAP in English
0827 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — The Foreign Ministry confirmed reports Wednesday that the U.S. State Department recently forwarded 2,000 documents to the Korean Embassy in Washington that are related to the popular uprising in the southwestern provincial city of Kwangju in 1980.

Foreign Ministry Spokesman So Tae-won said that the diplomatic pouches carrying the documents will arrive in Seoul sometime this weekend.

So added that his ministry is not in a position to release the documents because the U.S. State Department provided the documents with the understanding that they would only be used for official government purposes.

Another official, however, said that the ministry will brief reporters on the outline of the documents, although the full text will not be released.

The U.S. Government has recently come under fire for its role in the Kwangju incident after local reports claimed that the declassified U.S. State Department documents show that Washington allowed the release of Korean Army troops under the operational control of the United States Forces Korea. These troops were used to quell a democratic uprising which resulted in the deaths of hundreds of civilians.

ROK: Motorola To Transfer TRS Technology to Kia Motors Corporation

SK0603013196 Seoul THE KOREA TIMES in English
6 Mar 96 p 8

[By staff reporter Chae Hui-muk]

[FBIS Transcribed Text] Motorola will transfer technology to its Korean partner in trunked radio systems (TRS), said an executive of the U.S. telecommunications firm.

"We were already committed to transferring our TRS technology to Kia Motors Corp. in the memorandum of understanding signed between the two parties last month," said C. Fred Wright, vice president and general manager for worldwide iDEN, a division of Motorola.

Motorola is also prepared to give the rights to any able Korean firm to manufacture iDEN (integrated dispatch enhanced network) systems and phones, Wright said, adding that the system is the first sophisticated digital TRS technology ever commercialized in the world.

He said, "We will support applicants wishing to produce and export without hindrances from other manufacturers of iDEN phones and systems in third countries."

He emphasized that the iDEN system was recognized as a world standard by the International Telecommunications Union (ITU) in November of last year.

The U.S. telecommunications firm has some 2,000 iDEN system sites in the world and 200,000 subscribers, with a total capacity of 1.6 million subscribers, according to Wright.

Wright told reporters that Motorola is ready to develop an iDEN system to meet the requirements of Korea ranging from 380 MHz to 2 GHz.

The company has developed a multifunction TRS phone which is used for faxing, paging, data transmission, E-mail and links with the phone system.

Motorola has been providing its iDEN system in the United States, Japan, Canada and Israel. Wright said that Motorola plans to provide the system to China, Singapore, Brazil and Argentina this year. Wright will leave for his home country today. He attended a seminar on TRS technology hosted by the Korean Institute of Telecommunication Science.

ROK Editorial Questions Consistency of U.S. Policy Toward DPRK

SKD603115696 Seoul SEOUL SINMUN in Korean
6 Mar 96 p 3

[Editorial: "U.S. Vision Toward DPRK Should Be Consistent"]

[FBIS Translated Text] It was learned that the U.S. Administration recently removed North Korea from its list of 16 nations that are classified as "travel warning countries" where safe travel by Americans cannot be guaranteed. This has evoked our suspicions, because we cannot detect any change in the North Korean situation proving that Pyongyang has suddenly become an area presenting no danger whatsoever to travel by Americans.

Recently, on many occasions, we have felt uneasy, because the U.S. vision of North Korea lacks consistency, and U.S. policy often runs counter to ours. A responsible official of the U.S. Central Intelligence Agency [CIA] testified before Congress about the possibility of the collapse of North Korea, while the U.S. State Department observed there is no indication of disorder in Pyongyang and that the possibility of collapse is very slim. Furthermore, analyses of the flood damage and food shortages in North Korea were reported using different figures and from different standpoints according to the organizations and people making the observations. Assessments about the necessity for additional rice support are also contradictory. In a word, we are worried that the U.S. Administration may not possess organized and systematic information and intelligence concerning the actual political, economic, and social situation in North Korea, and thus lacks a consistent standard.

How can a nation confidently allow its people to travel freely to a country where the real food situation is uncertain, where the possibility for collapse exists, and with which it has no diplomatic relations? If the U.S. liaison office was established in Pyongyang, then we may be convinced by such measures. However, we do not understand why North Korea is a safer place than 15 other travel warning countries, including Iraq, Iran, Lebanon, and Afghanistan.

We feel North Korea initiated contact with the United States after having tactically created the nuclear situation, then reached an agreement on the nuclear problem through dialogue. By following this procedure, North Korea carried out a deceitful peace offensive toward the United States. North Korea's goal is to settle the question regarding the Korean peninsula under conditions favorable to its reunification through communization of the South, doing so by excluding the ROK. North Ko-

rea, which takes national reunification through communizing the South as its supreme goal, is not a nation which one can open up by following a policy of appeasement [yuhwa].

We call on the United States to closely observe and keenly analyze North Korea's true intentions in thoroughly ignoring dialogue between North Korea and the ROK since the initiation of a U.S.-DPRK dialogue on the nuclear problem. We also urge the United States to pay attention to the view of some ROK citizens who believe that the Clinton administration is "begging" North Korea to implement the nuclear agreement through Washington's inconsistent appeasement policy [ilgwansong omnun yuhwachaek] so that the nuclear settlement with North Korea can be used as an achievement in the upcoming elections.

ROK Religious Groups: Reunification Most Important Mission

SK2802040696 Seoul YONHAP in English
0224 GMT 28 Feb 96

[FBIS Transcribed Text] Beijing, Feb. 28 (YONHAP) — South and North Korean religious groups agreed Tuesday that the unification of South and North Korea is the most important mission facing the Korean people.

The religious representatives from Seoul and Pyongyang who met at a hotel in Beijing, issued a written statement expressing agreement on the importance of their role and responsibilities in opening a new era of unification.

Yi Chae-sok, president of the Association of Religions in Korea (ARK), met with his North Korean counterpart Chang Chae-chol, chairman of the Korean Religionists Council, and discussed ways to promote inter-Korean religious cooperation.

They failed to agree, however, to make it a regular event on the Korean peninsula, and instead decided to work toward this goal. They tentatively decided to hold their second meeting in Tokyo this June.

After the meeting, Yi said, "It was necessary that we hold next meeting there instead of some place on the Korean peninsula, because Seoul-Pyongyang relations have take a turn for the worse recently. We will, however, continue to work toward meetings in Seoul, Pyongyang or the Truce Village of Panmunjom."

Chang said that plans for the future are geared toward alternating the meeting between Seoul and Pyongyang, although regular meetings may not be possible until inter-Korean relations improve.

"We discussed the unification issue open-mindedly...it's great that we were able to adopt a written agreement at the first meeting," Chang said.

ROK: N-S Trade Exceeded \$300 Million for First Time in 1995

*SK2402050096 Seoul YONHAP in English
0412 GMT 24 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP) — Inter-Korean trade exceeded 300 million U.S. dollars in volume last year for the first time since such trade began in 1988, according to the National Unification Ministry (MNU).

Accordingly, South Korea has emerged as the North's third-largest trading partner, following China and Japan.

The ministry said 1995 trade with North Korea amounted to 310 million dollars on an approval basis and 287 million dollars on a customs-clearance basis, up 35 percent and 48 percent, respectively, from 1994.

With the 150,000 tons of rice that South Korea donated to the North added, the volume would increase to 540 million dollars in value, the ministry added.

Processing-on-commission trade, namely the shipment of raw materials to the North for processing, rose 60 percent from 1994, and the import-export ratio shifted from 8-1 in 1994 to 3.2-1 last year.

The number of trade items skyrocketed from 63 in 1994 to 206 in 1995, and the number of South Korean firms doing business with the North also shot up from 53 to 213 during the same period.

So far this year, bilateral inter-Korean trade in terms of volume is about the same as it was last year, with a brisk increase in the South's purchase but a sharp drop in sale.

In January, purchases from the North totaled 120 million dollars on an approval basis, up 26 percent from a year earlier, but sales plunged 55-percent to 4 million dollars.

ROK: DPRK 'Ultimately' To Accept Railway Link With South

*SK0503121196 Seoul HANGYORE SINMUN
in Korean 3 Mar 96 p 17*

[FBIS Transcribed Text] Seoul, March 4 (YONHAP) — Chances have grown larger for the connection of railroads between South and North Korea as the recent Asia-Europe Meeting (ASEM) agreed on the construction of a cross-Asia railroad.

"We are encouraged by the ASEM agreement. When an atmosphere matures, we will formally propose the con-

nection of inter-Korean railroads to the North Koreans through the economic and social council for Asia and the Pacific (ESCAP)," an official at the construction and Transportation Ministry said Monday.

He noted that at an ESCAP policy officials meeting held in Bangkok last October, North Korea showed an affirmative response to the ESCAP plan to build a railroad linking Pusan, Seoul, Sinuiju, Russia and Europe.

At the recent ASEM meeting, the official said, Chinese Premier Li Peng expressed his willingness to persuade North Korea to agree to connecting South and North Korean railroads.

"Our policy is to link railroads between the two Koreas as expeditiously as possible. We believe North Korea would ultimately agree to it," the official added.

ROK: Environmental Deterioration Possible Cause of DPRK Food Crisis

*SK0503121196 Seoul HANGYORE SINMUN
in Korean 3 Mar 96 p 17*

[By reporter Sin Tong-ho]

[FBIS Translated Text] There is increasing interest in the idea that environmental deterioration — such as soil being washed away and acid soil — has brought about the food crisis in North Korea.

This was revealed in a research paper titled "North Korea's Environmental Problem and Directions for Promoting South-North Environmental Cooperation," submitted on 2 March to the Environment Ministry by Drs. Chong Hoe-song and Nam Yong-suk of the Korea Environmental Technology Development Institute.

The paper lists the following as policies resulting in environmental destruction in North Korea: the fortification of the whole land through the four main military lines, which has been promoted since the 1960's; the work to cultivate terraced fields and lagoons through the "line of the five-point project to remake nature," which has been carried out since 1976; the work to find new land, which was promoted as the 10-point long range goals in the 1980's; and the "battle to engrave words" involving the carving of the personal handwriting of Kim Il-song and son at scenic spots such as Mt. Kumgang.

In particular, cultivation of terraced fields amounting to about 300,000 chongbo (about 3,000 square kilometers) of land in North Korea, has brought about serious side effects. Since North Korea's land is formed of many slopes, there is a high possibility that soil on the surface and mineral salts can be washed away by rain. Also, much of North Korea's land consists of granite gneiss,

which mostly consists of acid, and since much chemical fertilizer is used, the soil's productivity is being reduced.

When the problem of cultivating terraced fields emerged, North Korea changed the "line of the five-point project to remake nature" to the "line of the four-point project to remake nature" and changed the work of cultivating terraced fields to the "movement to find new land." Thus, it restricted the cultivation of steep mountain slopes, but the new movement damaged woodlands as well because it cultivated hills on plains.

The paper points out that North Korea's goal in using chemical fertilizer for 1993 was 2,500 kg per hectare, and in reality North Korea used over 2,000 kg in the 1990s. Based on the year 1988, the use of chemical fertilizer per hectare is five to 50 times more than in South Korea, Japan, the Philippines, Thailand, and the United States which used 373kg, 415kg, 63.3kg, 38.6kg, and 84.5kg respectively.

The paper claims that: "Based on the concept of an ecological community on the Korean Peninsula, we must carry out a large scale movement to plant trees in North Korea's hills; in consideration of North Korea's serious food situation and agricultural problems, we should develop farming technology that can be continuously carried out; and we must provide cooperation and funds in cultivating woodlands and developing technology for soil improvement."

ROK: Significance of Message Exchange on Crewmen Viewed

SK0503150296 Seoul HANGYORE SINMUN
in Korean 5 Mar 96 p 3

[Article by Yi Sang-ki: "The Significance of the Exchange of 'Messages' Over the Repatriation of the North Korean Seamen"]

(FBIS Translated Text) In a telephone message sent by the Korean National Red Cross (KNRC) on 4 March, the government notified North Korea of its decision to return two crewmen and two dead bodies from North Korea's cargo vessel, the Yombunjin-ho. This has aroused speculation that this will promote improvement in North-South relations. The background behind this action is that our government immediately repatriated sailors after completing basic investigations only and that the incident served as a catalyst for the reopening of the direct telephone line between the North and South, which was virtually cut off after the death of President Kim Il-song.

Ever since the opening of the direct telephone line, the North and South have continuously repeated a cycle in which "direct telephone contacts and relations have

been ruptured," eventually followed by "the reopening of direct telephone links and improvement of bilateral relations." When the direct telephone line, which was severed by the axe incident at Panmunjom in 1975, was reactivated in January 1980, working-level contacts for inter-Korean premier-level talks took place the same year. In addition, when the telephone line reopened again in 1984, members of dispersed families in the North and South met each other.

On 2 March, North Korea sent a telephone message in the name of Yi Song-ho, acting chairman of the North Korean Red Cross Society, to KNRC President Kang Yong-hun, urging the release of two crewmen and two dead bodies. Following this, on 4 March North Korea picked up the telephone message sent by KNRC President Kang Yong-hun.

This is a big change from its former stance in which it had turned down all telephone messages sent by our side in relation to the repatriation of the Usong-ho and rice aid after our side failed to send a condolence delegation to the funeral of President Kim Il-song.

Officials concerned believe that, under the prevailing situation in which inter-Korean relations have become extremely tense since last year, the exchange of telephone messages, together with the North's proposal for inter-Korean dialogue through the meeting with the CNN delegation, suggests the possibility that inter-Korean relations may enter a stage of improvement.

A government official has said that "The mutual exchange of telephone messages will encourage the improvement of inter-Korean relations, even though whether this actually happens remains to be seen," adding that "Prime Minister Yi Su-song's remark that we should not presuppose the collapse of North Korea reflects such a climate."

However, some government officials conclude that since North Korea sent and received telephone messages under circumstances in which the South Korean Government had already announced its decision to return the crewmen, no significance should be attached to this.

ROK: Hashimoto Sees No Early Resumption of Talks With DPRK

SK2702133996 Seoul YONHAP in English
1223 GMT 27 Feb 96

(FBIS Transcribed Text) Tokyo, Feb. 27 (YONHAP) — Japanese Prime Minister Ryutaro Hashimoto said Tuesday he cannot foresee when diplomatic normalization talks with North Korea could resume.

In a testimony at the Diet Budget Committee, Hashimoto said he plans to progress the normalization talks issue in close consultation with South Korea.

Also at the committee session, Foreign Minister Yuki-hiko Ikeda said Japan does not consider providing any additional rice to North Korea at the present stage.

"There has been no request for additional supply of rice from North Korea via any international organization," Ikeda said.

ROK: Japan Seizes ROK Squid Boat for Infiltrating Its Waters

SK0203034396 Seoul *CHOSON ILBO* in Korean
2 Mar 96 p 39

[Report by Pak Kyu-yong from Pusan]

[FBIS Translated Text] A 29-tonne Pusan squid boat, Namsong 303, was seized by a Japanese Maritime Security Headquarters' patrol ship at around 0255 [1755 GMT 29 February] on 1 March, Independence Movement Day, for infiltrating Japanese waters when it was fishing in the sea 10.5 miles northeast of Tsushima, Japan. The captain of Namsong 303 is Hong Hyon-pyo, 46, who lives at Sinyeong 2-ton, Saha-ku, Pusan, the ROK.

At 1800 [0900 GMT] that day, the Japanese Maritime Security Headquarters notified the Pusan Shore Patrol that it had captured Namsong 303 and seven fishermen at the Port of Izu-hara, Tsushima on charges of infiltrating Japanese waters and was investigating them. This is the first time this year an ROK fishing boat has been seized by Japan.

ROK: Japanese Envoy on DPRK, Policy Toward Korean Peninsula

SK0603052596 Seoul *CHOSON ILBO* in Korean
5 Mar 96 p 5

[Article by Sintaro Yamasita, Japanese ambassador to the ROK: "Unstable Malformed Regime, 'Ghost Ruling'"]

[FBIS Summary] Although the Cold War has vanished from the world for a long time, it still continues on the Korean peninsula today. The North Korean situation is still very uncertain because the posts of the general secretary of the Workers Party and the North Korean president still remain vacant, and the country is ruled by the "Kim Il-song system after the death of Kim Il-song."

Nevertheless, the preparations for Kim Chong-il's succession to power have continued for more than 20 years

and, accordingly, it seems that Kim Chong-il has actually been guiding all state affairs.

However, North Korea's internal situation has deteriorated further because of its economic difficulties. On the military area, North Korea reportedly deployed forward fighters in the area along the DMZ toward the end of last year. It is likely that such an unstable situation will continue for the time being in North Korea. It is important to lead North Korea in the direction of stability and to persuade it to become a member of the international community by seeking an opening up policy.

"It is believed that North Korea's basic strategy toward the United States will focus on improving relations with the United States in an attempt to avert its present isolation. However, it is indispensable to improve North-South relations to achieve genuine peace and stability on the Korean peninsula." It is necessary to continuously urge North Korea to respond to the ROK's proposal for resuming North-South dialogue. It is also believed that the ROK, Japan, and the United States maintain a close cooperation system in their policies toward North Korea so that they can show to it that their cooperation system is firm.

"Japan's basic policy toward the Korean peninsula is to promote friendly relations with the ROK. Japan's policy toward North Korea has two major principles; one is to rectify the present abnormal relations between Japan and North Korea which have continued since the end of World War II, and the other is to contribute to achieving peace and stability on the Korean peninsula."

Japan supports the ROK Government's position regarding the question of reunifying the North and the South. At the same time, proceeding from its position that the question of the Korean peninsula should be settled through dialogue between the North and the South, Japan recognizes the importance of resuming North-South dialogue.

Regarding the North Korean nuclear issue, Japan holds that it is not only a grave matter related to the nonproliferation of nuclear weapons and to the security of the international community, but is also an important pending issue related to Japan's security.

Japan has made active contributions to the Korean Peninsula Energy Development Organization (KEDO). The ROK is to play a central role in the project of supplying light-water reactors through KEDO. Japan, too, will make significant contributions in the future. It is firmly believed that cooperation between the ROK and Japan on this project will contribute to strengthening the two countries' cooperation for security on Northeast Asia, as well as on the Asia-Pacific region.

ROK: Diplomatic Conflict With Japan 'Remains'
SK0403051996 Seoul THE KOREA HERALD
in English 6 Mar 96 p 2

[Article by staff reporter Kim Kyong-ho: "Diplomatic Conflict Remains Despite Korea-Japan Talks"]

[FBIS Transcribed Text] Thorny issues can easily push South Korea and Japan into a diplomatic conflict again although their leaders agreed not to allow a territorial dispute to spill over into other areas.

During their summit talks in Bangkok last week, President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto reaffirmed their respective sovereignty over the Tokto islets in the East Sea with Kim using stronger words than Hashimoto.

But the two leaders agreed to undertake negotiations on the establishment of exclusive economic zones (EEZ) and the revision of a fishery accord on a track separate from the dispute over the islets.

Foreign Minister Kong No-myong said Monday South Korea will sit down with Japan soon to discuss revising a fishery pact but take time in undertaking talks on the border line of the two countries' economic zones.

A ministry official said yesterday that he believes the Kim- Hashimoto summit managed to put back on a normal track the South Korea-Japan relationship, which plunged to its lowest ebb in years over Japan's renewed claims to Tokto.

But mindful of South Koreans' sensitivity toward issues involving Japan, he said it's up to the people to pass a final judgment on the efforts to mend the strained relations.

A leading South Korean newspaper cast doubt on the relevance of bypassing the Tokto issue in discussing maritime and fishing issues with Japan.

In its editorial the CHOSON ILBO said it will be virtually impossible to draw the EEZ border line without addressing Tokto as a possible point on the baseline for the zone.

The editorial further indicated negotiations on the fishery pact revision could reach no conclusion if they would be made on the assumption of establishing economic zones.

"It is still difficult to predict how the pending issues between South Korea and Japan will be dealt with and where the overall bilateral relationship is heading for after the Bangkok summit," it said.

The skeptical view was in contrast with the high marks major Japanese dailies have given to the summit

decision to discuss fishing and other issues on a separate track from the territorial dispute over Tokto.

Japan has been looking for an early revision of a fishery agreement with South Korea to restrict the amount of catch by South Korean vessels and tighten its control of their illegal operations.

It has been requesting the separation of the fishing issue from the EEZ establishment and conclusion of a revised fishery pact by the end of the year.

While agreeing to hold talks on amending a fishery accord at an early date, South Korean officials say the talks will be inevitably linked to the EEZ issue at some point in the future.

Seoul and Tokyo are expected to undertake negotiations on drawing the border line of their economic zones in the latter half of this year at the earliest as it takes several months to complete necessary domestic legal work.

Seoul officials say progress in EEZ negotiations will wholly depend on the way Japan deals with Tokto. They suggest South Korea will suspend talks with Japan if Tokyo's position is based on its claim to the islets. But with the Japanese government not expected to give up on the islet issue, tension between South Korea and Japan may run high again.

The pace of Tokyo's approach to North Korea may also cause a conflict between the two countries.

South Korean officials suggest as a major accomplishment of the summit Hashimoto's pledge that Tokyo will be in closer touch with Seoul in dealing with North Korea. But many observers say Tokyo may feel freer to accelerate improvement of its relations with Pyongyang after South Korea's parliamentary elections in April when it is under less pressure from President Kim's administration.

A Japanese daily reported last week Japanese and North Korean officials have agreed in principle to resume talks on normalizing ties in April, which were suspended in 1992.

Japan's demand that it supply key parts of the North Korean light-water reactor project may also rock the much-trumpeted South Korean-Japanese joint stance on North Korea, observers say.

In what can be a sarcastic tone, the leading Japanese daily ASAHI SHIMBUN said in its editorial Monday that if Japan beats South Korea in an intensifying race to host the 2002 World Cup soccer finals, it will certainly spark anti-Japanese sentiment in South Korea.

ROK: 'Many' Russians Allegedly Support ROK Position on Tokto

SK2702030196 Seoul SEOUL SINMUN in Korean 26 Feb 96 p 4

[Article by Yevgeniy Bazanov (name as transliterated), deputy director of the Russian Academy of Foreign Affairs, from the "Global Community" column: "Russia Inwardly Supports the ROK in the Dispute Over Tokto Island"]

[FBIS Summary] The ROK-Japan dispute over Tokto Island has been the focus of attention in Russia as well. Many Russians support the ROK's position on this island as a matter of course. They also support China's position on Senkaku (Diaoyutai) Islands, because Russia also has a territorial dispute with Japan over Kuril Islands.

Neither the ROK nor China has supported Russia in the dispute over Kuril Islands. The United States has not supported Russia, either.

In the post-Cold War era, any territorial dispute may hamper peace and security in the Far East. Therefore, Russia and all the other countries in this region must assume a flexible attitude toward territorial disputes.

The ROK and Japan must sit together to resolve this dispute. In the dispute over Kuril Islands, for example, the United States supports Japan not because it thinks Japan's position is correct, but because keeping good terms with Japan is beneficial to its national interests. The ROK Government must be ready for the possibility that in dealing with international disputes, some countries side with other countries for the sake of their own national interests. These countries may support Japan for the sake of their own political and economic interests.

ROK-Russia Groups Sign Protocol on Economic Cooperation

SK2702031196 Seoul THE KOREA TIMES in English 27 Feb 96 p 8

[FBIS Transcribed Text] Korea and the Russian federation yesterday concluded a protocol to promote further economic cooperation, strengthen business contacts and boost mutual trust between the business communities of the two countries.

The protocol was signed in a ceremony yesterday in Seoul by Cho Chong-hwan, chairman of the Korea-Russia Economic Association [KREA] and Alexander Chistovarov of the Russian Federation Chamber of Commerce and Industry. Under the accord, the two parties will provide active channels for a wide range of forums for bilateral cooperation and exchanging informa-

tion and materials pertaining to economic development policies.

"The two parties will provide each other with information on external trade, foreign investment, banking and monetary policies," said Cho Chung-kun, KREA's secretary general.

Cho said it took years for the protocol to be completed after the collapse of the former Soviet Union.

ROK: Singapore President Hosts Dinner for Kim Jong-sam

SK2702133896 Seoul YONHAP in English 1209 GMT 27 Feb 96

[FBIS Transcribed Text] Singapore, Feb. 27 (YONHAP) — President Kim Jong-sam expressed his hope on Tuesday that South Korea and Singapore will share their experiences and pool their efforts while pursuing their goals of becoming advanced nations.

At a dinner party hosted by Singaporean President Ong Teng Cheong, Kim said that he firmly believes that steadfast cooperation between the two countries will provide a solid basis for a peaceful and prosperous Asia-Pacific era.

Earlier [in] the day, President Kim Jong-sam arrived at Changi Airport in Singapore and was welcomed by the Singaporean president.

Pointing out that the two nations are marching together toward a common goal of a prosperous and peaceful 21st century, Kim said, "I wish to learn much from the brilliant achievements that Singapore has attained in terms of openness and globalization, development of sophisticated industries and advances in social development."

South Korea, too, he said, is vigorously implementing a segyehwa or globalization policy with the aim of transforming Korea into a first-rate country through openness and reform.

"Just as your country has been able to build a clean society where probity is upheld by instituting a system to prevent corruption, the Republic of Korea is resolutely implementing bold reforms to ensure a clean, untainted and sound society," he said.

President Kim will meet with Singaporean Prime Minister Goh Chok Tong Wednesday to discuss practical ways to promote bilateral cooperation between the two nations in the international arena.

ROK: Ssangyong Wins Contract To Build Hotel in Kuala Lumpur

*SK0603085196 Seoul YONHAP in English
0752 GMT 6 Mar 96*

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — South Korea's Ssangyong Construction Co. has won a 125 million U.S. dollars order from Kuala Lumpur Landmark Sdn. Bdn. to build a 59-story hotel in downtown Kuala Lumpur, the company announced Wednesday.

The grand Hyatt Hotel will be a 150,000 square meter structure located in Jalan Ampang in the heart of the Malaysian capital.

The hotel will have seven underground floors and 52 stories above ground, with 515 rooms, approximately 100 flats, and limited office space.

Construction will begin March 15 and the hotel is scheduled to be completed by the end of 1998.

Ssangyong officials have reported that it has now become a professional hotel contractor, with current hotel orders totaling 8,000 rooms — 6,700 rooms overseas and 1,300 in South Korea.

The projects Ssangyong currently has under way include the Ramada Renaissance Hotel in Malaysia, West Lake International Hotel in Hanoi, Vietnam, and the Singapore Hyatt Hotel.

The Westin Stamford Hotel which Ssangyong built in Singapore in 1986 is the highest hotel in the world according to the Guinness Book of World Records, they said.

ROK: British Premier Agrees on Need To Expand Business Ties

*SK0603032496 Seoul THE KOREA HERALD
in English 6 Mar 96 p 8*

[FBIS Transcribed Text] British Prime Minister John Major agreed with Korea's corporate leaders on the need for expanding bilateral business ties between the companies of the two countries.

At a meeting organized by the Federation of Korean Industries (FKI), Major stressed the importance of strengthening free trade based on mutual market opening, for the sustainable growth of global economy, said FKI officials who were on hand.

The British leader also expressed the wish for more British firms to further cooperate with companies in Korea as now emerging as a major economic power in the Asia-Pacific rim, the officials said.

As to the follow-up of the inaugural Asia-Europe Meeting which ended in Bangkok last week, Major and Korean business leaders shared the views that they continue to cooperate through such existing channels as the Korea-British Economic Cooperation Committee as well as the FKI and its British counterpart, the Confederation of British Industries (CBI), they said.

FKI Chairman Choe Chong-hyon, in a welcoming speech, said that Korean firms regard the European Union, and Great Britain in particular, as their major business partners.

Expounding on the subject of the need for more strategic alliances between the businesses of the two countries, Chae asked for the British government's support to help facilitate Korean firms' advance to the European community.

Twenty-four other leading businessmen attended the free-talking session at the Seoul Hilton Hotel, during which they and Prime Minister Major also discussed the change in the world economic environment and Hong Kong's return to China scheduled for July 1997, according to the FKI officials.

ROK: British Premier Attends Signing of Joint Business Accord

*SK0603032396 Seoul THE KOREA HERALD
in English 6 Mar 96 p 8*

[FBIS Transcribed Text] British Prime Minister John Major yesterday attended the signing of a major business agreement between Britain's BNFL (British Nuclear Fuels Ltd.) and Korea Heavy Industries & Construction Co. (HANJUNG). The ceremony was at the Hilton Hotel in Seoul.

The partnership agreement will see BNFL and HANJUNG jointly developing an interim dry cask store and transport system for use on the Korean Peninsula which guarantees the long-term safe storage of spent fuel.

John Ireland, manager of BNFL Korea, said that BNFL sees the collaboration as the foundation of what is hoped will be a long-term relationship between the two countries in the area of nuclear fuel.

He said Korea's nuclear power generation achievements are "impressive" and making an "important environmentally friendly contribution" to the Korean economy.

BNFL, a world leader in nuclear fuel cycle technology, specializes in nuclear fuel cycle products and services which include fuel manufacturing, transportation and reprocessing of used nuclear fuel for recycling, managing waste and decommissioning of redundant nuclear facilities.

NORTHEAST ASIA

"With this expertise, BNFL is fully able to cooperate with Korea in the development of its used fuel and waste management strategies," Ireland said.

British Prime Minister Major also attended signing ceremonies relating to three separate agreements between Korean and British companies in the field of trade and investment, the British Embassy in Seoul said.

A consortium of five British companies headed by Acer Snowmec have signed a contract with Daewoo Corporation which involves the licensing of their technology for making artificial snow.

GKN Automotive Ltd., part of the GKN Group has agreed to form a joint venture with Hanwha Machinery Ltd. for the assembly and manufacture of constant velocity joints and drive shafts. The new company Hanwha-GKN's drive shafts will have an equity participation of 51 percent Hanwha, 49 percent GKN, and will start production in late 1997.

Davy McKee has secured a contract with Donglak Steel Mill Co. for the design engineering and supply of replacement equipment and new equipment for a plate mill Davy originally supplied to Sicartsa of Mexico. Davy will also supply supervisory services for the installation of the mill.

ROK Denounces Recent Terrorist Attacks in Israel

SK0603014996 Seoul YONHAP in English
0141 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — South Korea on Wednesday denounced the recent terrorist attacks in Israel which have claimed 57 lives, and urged "Those intent on destroying peace to regain their reason and join the tide of reconciliation and unity that is sweeping the world community."

In a prepared statement, Foreign Ministry Spokesman So Tae-won also said that "The Government of the Republic of Korea was deeply shocked and saddened by horrible terrorist attack in Tel Aviv Monday, March 4, that followed a series of attacks in Jerusalem and Ashkelon, in which scores of lives were lost and many others wounded."

The statement emphasized that terrorism cannot be tolerated "under any circumstances in a modern civilized society."

South Korea also expressed hope that the Palestinian authority will take appropriate measures to prevent the recurrence of such terrorist attacks and reiterated its position that the current peace process should proceed in spite of the recent difficulties.

ROK, India To Sign Accords To Strengthen Relations

SK2402084796 Seoul YONHAP in English
0742 GMT 24 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP) — South Korea and India will sign Monday (26 February) agreements on promotion and protection of investments and establishment of a joint committee on exchange of information to strengthen bilateral economic and political relations, a Foreign Ministry spokesman said Saturday.

Foreign Minister Kong No-myong and Kong's Indian counterpart Pranab Mukherjee will sign the agreement on the establishment of the joint committee just after a summit meeting between President Kim Yong-sam and Indian Prime Minister Narasimha Rao in New Delhi, the spokesman said.

Kong and Indian Finance Minister Manmohan Singh will also sign the agreement on the promotion and protection of investments in the presence of President Kim and Premier Rao, the spokesman said.

South Korea and India Friday signed a cultural exchange program to enhance understanding of each other's culture especially in the fields of sports, mass media, arts, education and juveniles.

ROK: Dutch Trade Delegation To Study ROK Economy

SK0603124896 Seoul YONHAP in English
1210 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — Dutch Parliamentarian Henk Vos (spelling of name as received), now here leading a trade delegation, said Wednesday that his mission hopes to learn much about the South Korean economy during its fact-finding trip here March 4-10.

Vos said his team seeks to learn about South Korea's investment abroad, its trade promotion, plans for deregulation, measures to stimulate small and medium-sized firms, and research and development programs.

The Netherlands is the third-largest foreign investor in South Korea, said Vos, a member of his parliament's Economic Affairs Committee, adding that he hopes Korean businesses in turn will make forays into the European country.

He cited the success being enjoyed in his nation by Daewoo Motors, which he said sold no cars there in 1994 but now commands 3.5 percent of the Dutch car market.

"Brussels is aggressive in its pursuit of enhanced bilateral relations with Seoul, as evidenced by scheduled visits by the Dutch premier and foreign trade minister this June," Vos said.

The delegation's comprehensive schedule includes contacts with members of the National Assembly and the Ministries of Foreign Affairs, Finance and Economy, and Trade, Industry and Energy.

Meetings with representatives of the Bank of Korea, the Korea Development Bank, the Federation of Korean Industries, and the Korea Trade and Investment Promotion Corporation are also on the itinerary.

Korea's imports from his country include high-tech equipment and chemicals, he said, adding that in light of South Korea's trend toward economic liberalization, Dutch firms may also push foodstuffs and infrastructure projects in the South Korean market.

On the issue of wider market opening, Vos said that government officials he spoke with here suggested that since Seoul has joined the world trade organization and is pushing to join the Organization for Economic Cooperation and Development (OECD), it would accordingly adhere to the rules of each organization.

ROK: NCNP Replaces Incumbent Legislators on Nominees List

SKD403065696 Seoul YONHAP in English
0454 GMT 4 Mar 96

[FBIS Transcribed Text] Seoul, March 4 (YONHAP) — The major opposition National Congress for New Politics (NCNP) has replaced nine incumbent legislators from North and South Cholla provincial electoral districts, on its list of nominees for the April 11 general elections, it was announced Sunday.

The representatives are Oh Tan (Chonju-Tokjin); Choe Nak-to (Kimje); Yi Hui-chun (Puan); Yi Yong-kwon and Yu In-hak (Changhung-Yongam); Kim Chang-kon (Naju); Yu Chun-sang (Posong-Hwasun); Sin Sun-pom (Yochon); and Pak Tae-yong (Tamyang-Changp'oeng).

Chong Tong-yong, former MBC anchorman (Chonju-Tokjin); Chang Song-won, former deputy managing editor of the TONG-A ILBO (Kimje); ex-lawmaker Kim Chin-pae (Puan); Rep. Kim Ok-tu (Changhung-Yongam); and Chong Ho-sun, professor at Kyongbuk National University (Naju), were nominated to take their place.

Lawyer Pak Chang-chu was nominated to run in Posong-Hwasun; Candidate Kim Song-kon, professor at Woongwang University, in Yochon; and Kukchang,

former South Cholla Provincial Council chairman, in Tamyang-Changp'oeng.

The major opposition party is expected to suffer from the aftermath of the nominations for the forthcoming general elections.

Rep. Yu Chun-sang, who has been elected to the legislature four times, challenged his elimination and threatened to expose wrongdoing he alleged party leadership has committed. Rep. Choe Nak-to is considering running in the general elections as an independent.

ROK: NKP Chairman Vows To End Political Era of 'Three Kims'

SKD503113196 Seoul YONHAP in English
0936 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — New Korea Party (NKP) Chairman Kim Yun-hwan on Tuesday vowed an end to the 30-year political era of the so-called "three Kims" — Kim Yong-sam, Kim Tae-chung and Kim Chong-pil — and regionalism after the general elections April 11.

The ruling party chairman made the remarks at a forum sponsored by the Kwanhun Club, a senior journalists' organization, at the press center in downtown Seoul. Leaders of the ruling and opposition parties have been invited to present their views on current affairs, with Kim Yun-hwan being the first speaker.

President Kim Tae-chung of the National Congress for New Politics will speak at the forum Wednesday, to be followed by Co-Chairman Kim Won-ki of the Democratic Party Thursday and President Kim Chong-pil of the United Liberal Democrats Friday.

In his keynote speech entitled "The 15th General Elections and the Future of Korean Politics," Kim Yun-hwan said, "I think a lot of people are worrying that the nation is politically no different than it was in the past, and I think that the people are entitled to a shift in the political arena. [no end quote marks as received]

He stressed that political stability, economic development and national security are the country's foremost objectives in order to be a "unified and first-rate nation."

"Political stability is the foundation of everything, and its first precondition is that the ruling party manage national affairs and secures stable parliamentary seats," he said.

He pointed out, "If a situation reoccurs in which the ruling party occupies fewer seats than opposition parties (in the general elections), it will undermine the

foundation of reform that we have been driving for thus far," adding that the nation's economy would be harmed as a result.

Kim Yun-hwan warned that so-called "small ruling and big opposition parties" could unleash an all-out war for the presidency and further intensify regionalism, although incumbent chief executive Kim Yong-sam still has two years remaining in his term.

Regarding campaign promises, he said that the NKP will carry out tax reforms to lower the burdens on small-scale businessmen and workers, particularly those earning low incomes.

ROK: NKP Inaugurates Central Electioneering Committee

SK0603053196 Seoul YONHAP in English 0447 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — The ruling New Korea Party (NKP), intent on securing a stable number of parliamentary seats in the April elections, formally inaugurated its central electioneering committee Wednesday morning.

President Kim Yong-sam, who concurrently heads the government party, handed out letters of appointment to top officials of the committee at a Chongwadac [presidential offices] ceremony.

On hand at the ceremony were committee chairman Yi Hoe-chang, NKP Chairman Kim Yun-hwan, Pak Chan-chong, who is in charge of electioneering in the Seoul metropolitan area, and Kang Sam-chae, head of electioneering headquarters.

The committee's inauguration at its Yoido headquarters was held after the Chongwadac ceremony.

In a press conference, Yi emphasized the need for the government party to secure a majority in parliament.

"Without political stability, there could be no economic and social stability, and reforms amid stability would be frustrated," he said, adding "once the foundation of change and reform crumbled, the country would not be able to avert confusion."

A "new spirit of the times" cannot be expected from regional rivalry and a cliquish political structure, the former prime minister said.

ROK Editorial Says Party Campaign Pledges Meaningless

SK0603012596 (Internet) The Digital Chosun Ilbo WWW in English 1210 GMT 5 Mar 96

[Editorial: "Meaningless Election Pledges"]

[FBIS Transcribed Text] Time and again, election pledges for the upcoming April Election by the ruling and opposition parties seem to be stressing popularity rather than the possibility of realization. Most of them are no different than those which placed too much emphasis on winning the hearts of voters as witnessed in the past elections.

The ruling New Korea Party, which changed its name to lead the construction of 'New Korea', with the slogan of "Globalization" should by now have presented appropriate election pledges to the people. However, many of the 100 topics in 10 fields under discussion are no more than pending problems being tackled by the government or simply reprints of those of the general election in 1992.

The idea of reducing earned income tax must be good news for the salaried working people. But we should think about whether it can be a part of the ruling party's election pledge. The government and ruling party have advocated "reducing earned income tax" every year. But, in reality, the tax burden has increased. The shortening of service time for the armed services was also a pledge in the last general election but due to opposition by the Ministry of Defense, citing difficulties, could not be implemented.

It is ironic that the much maligned ruling party now promises to get rid of so-called "PK [Pusan-Kyongsang region] Regionalism" which has been rise during the last three years. Those pledges promoted by the ruling party should become reality through decisiveness by the government.

The opposition parties as well are guilty of similar irresponsibility in trying to seduce the voters. The National Congress for the New Politics' pledge to promote "wholesale admission to universities" has reappeared and possibility of implementation is remote. Even if it will possible, it would do nothing but create masses of highly educated unemployed and collapse the vocational education system. How can the voters determine which party is most qualified when both parties advocates the same promises of "expanded school lunches" and "reduction of service time to 24 months"? The difference between advanced and retarded politics is the promotion of policy and not the politicians. Our political parties and voters see policy and policy advocacy

as no more than icing on the cake. That is why deception is so common and the reason for the voters to end this cycle during the upcoming election.

ROK: Foreign Banks To Have Easier Market Access in 1996

SK2802035996 Seoul YONHAP in English
0140 GMT 28 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP) — Foreign banks will be allowed easier market access this year as a result of steps taken to make the financial market more open.

The government is currently studying a plan that would eliminate the regulation that requires foreign banks to be one of the world's 500 largest in terms of assets in order to do business in South Korea, Finance and Economy Ministry officials said Wednesday.

Even without this requirement, the government will still be able to prevent "bad" foreign banks, namely those with poor business records, from doing business here, by simply applying other criteria based on international credibility and business performance, they remarked.

Moreover, the United States, the United Kingdom and other advanced countries do not use asset-based criteria to allow or restrict foreign banks from doing business in their countries.

Current regulations stipulate that foreign banks must be among the world's 500 largest banks in terms of assets, have good business records and international reputation, obtain the approval and be under the supervision of their home government to open a branch in South Korea.

In case there is a need to apply the principle of reciprocity, however, some of these requirements are excepted in a mutual agreement.

When the assets-related requirement is lifted, foreign banks will have easier access to the market here.

In January the office of bank supervision allowed American Nations Bank, Philippine Metro Bank and Lehman Brothers from Germany to begin doing business here.

At the end of last year, there were 71 foreign bank branches and 25 foreign bank liaison offices doing business in South Korea.

ROK: Current-Account Deficit Hits All-Time Monthly High

SK0603072096 Seoul YONHAP in English
0639 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — South Korea posted a current-account deficit of 1,524

million U.S. dollars in January, an all-time monthly high, according to the Bank of Korea (BOK).

The figure reflects more than a two-fold increase from last January's deficit of 756 million dollars, also accounting for 17.3 percent of 1995's total deficit of 8,817 million dollars and 23.4 percent of the 6 billion-dollar deficit expected this year.

Higher demand for crude oil due to cold weather, an increase in the number of consumer goods imported for the Lunar New Year's holidays, and more students traveling overseas during winter vacation were to blame, said Chong Ung-chin, BOK senior research economist.

He added that the deficit would further increase in February, though imports will fall somewhat in March.

In merchandise, January saw a deficit of 950 million dollars, with exports soaring 30.4 percent from a year earlier to 10,439 million and imports jumping 35.7 percent to 11,389 million dollars.

During the month, the number of letters of credit opened for future exports increased only 10.7 percent from a year before. Import licenses issued in January rose no less than 23.9 percent, indicating a further worsening of the trade deficit in the coming months.

In invisible trade, the month of January saw a deficit of 531 million dollars, a record high, including a travel-account deficit of 251 million dollars and a transfer-account deficit of 40 million dollars.

The capital account posted a surplus of 480 million dollars, up from 310 million registered for January last year but down from December's 1,640 million.

BOK's foreign-exchange holdings rose 550 million dollars from December to 33.26 billion dollars at the end of January.

ROK: Intense Competition in Telecom Industry Reviewed

SK0603062796 Seoul THE KOREA HERALD
(Supplement) in English 6 Mar 96 pp B1, B2

[Article from the "Business Forum" section by staff reporter Yu Chong-mo: "Cos. Push Strategic Alliance in Telecom License Warfare"]

[FBIS Transcribed Text] A telecommunications boom is wildly sweeping the local business community these days. All of a sudden, a corporate name that ends with "Telecom" as in Korea Telecom, has become popular among the conglomerates. Almost all of the nation's 30 largest conglomerates have recently set up subsidiaries named after "Telecom," or are moving to do so shortly. Lotte Telecom, Kia Telecom, Hansol

Telecom, Dongbu Telecom, Kumho Telecom, Hyosung Telecom, Hanbo Telecom and Doag Ah Telecom are among the newborns. Their holding companies' core businesses are widely varied, ranging from livestock feed to paper, cement, confectionery, fishery products, air service, autos and lubricants.

The number of contenders for the 30-odd licenses to be issued in the personal communications service (PCS) and six other telecom services by the end of June is unrivaled in the nation's industrial history. Considering that the number of warring parties exceeds 300 companies, as an average of 10 business concerns are competing for each of the 30 licenses. If the small businesses participating in the consortia led by the 300 firms are included; as many as 30,000 local companies are involved in the on-going telecom war.

The contenders are exerting frantic efforts to capture a license. Public relations officials at Kumho Telecom, which is vying for a countrywide PCS license, are reportedly carrying resignations in their pockets in an apparent bid to tender them in the event of a failure. Mid-ranking business groups, like Kumho, see the telecom-service licenses as a springboard to the ranks of "super conglomerates" in the 21st century.

"Telecom-service business is often compared to a 'golden egg-laying goose,' which will produce hundreds of billions of won in net profits in the next decade. The current corporate ranking will be sharply reshuffled, depending on the results of this year's licensing wars" said a Kumho Telecom official.

A Kia Group executive, who is leading the group's effort to capture a countrywide trucked radio service (TRS) license, defiantly refuses to imagine, or accept Kia not winning the license.

"The TRS license is a life-or-death matter for Kia as well as myself," said the executive. "I have never thought of being defeated in the war," he stressed hinting that Kia will dissolve his telecom task force in case he fails to win the license.

The overheating craze for telecom licenses poses a big question mark to many people over their profitability. Quite unexpectedly, however, only a few licenses, such as international-call and leased-line services, are likely to yield profits in the short term, analysts say. They point out that a PCS service provider, for instance, will be required to pump in nearly 2 trillion won in the first five to 10 years of service before going into the black.

"The licensing craze can be explained by a logic of real-estate industry. The government-issued licenses will represent big vested rights in the form of radio-

frequency assets, in the coming information society," an analyst says'

Nevertheless, a growing number of watchers are drawing a dismal picture of the prospects for telecom business.

"Starting in 1997, the telecom service market will be completely open to the local business with the introduction of the so-called free application system. Moreover, about 250 Information Superhighway telecom-service operators are scheduled to be licensed in the second half of this year, while Korea's telecom market will be open to foreign competition in 1998," said Pak Chae-kon, a Seoul telecom commentator.

"In the highly competitive environment, many unqualified service providers are expected to go bankrupt, or become victims of hostile M&A operations," Pak said.

PCS, a low-cost and anytime-anywhere cellular communications service, is undisputed the hottest battlefield. The service is forecast to eventually replace both cellular and household phones. The race for the two countrywide PCS licenses has been dominated by the "big four groups" — Samsung, Hyundai, LG and Daewoo. But the competition now shows signs of turning into an unpredictable free-for all in the wake of a series of recent scandals that hurt the image of the "big four."

In addition, a mounting public concern about concentration of economic power and the government's much-touted policy to foster small businesses are unfavorable to the "big-four groups."

In a bid to bolster their position in the screening process, a growing number of license contenders are moving to form a strategic alliance with domestic and foreign partners. The Hansol and Anam groups, vying for PCS and TRS, respectively, became mutual partners while Haitai, Hanjin and Hyosung have agreed to cooperate in the race for international-call, TRS and PCS licenses. The Ssangyong Group is considering joining Anam's TRS consortium. The Ijin Group is moving to tie up with Samsung or LG, whereas the Lotte, Halla, Kohap and Dong Ah groups may form a joint consortium to compete against Ijin in the international-call race. Foreign telecom-equipment makers are also briskly moving to capitalize on the domestic boom. Pak estimates that approximately 5 trillion won worth of new demand for PCS and TRS equipment will be created in Korea over the next five years.

In the meantime, the enormous corporate interests at stake in the license war seem to impose a heavy burden on the Ministry of Information and Communication (MIC). With the April 15 deadline for the presentation of applications fast approaching, the MIC has yet to

clarify its stance on a host of controversial pending issues and to work out screening criteria meant to guarantee the maximum objectivity in the screening process.

With the confusion intensifying there is even the talk that the overall licensing schedule may be postponed once again.

On the other hand, the MIC is confronted with another daunting task—the selection of screening-panel members. Telecom experts working at private companies or institutes, will be excluded. Thus the ministry plans to choose 10 or more judges from among college professors, government officials, lawyers and public accountants.

Ministry officials are concerned about how to completely eliminate those who are directly or indirectly linked with the conglomerates competing in the license war.

PCS

Analysts cite an enormous growth potential as reasons behind the escalating conflicts among the PCS-license hopefuls. The PCS service is likely to lure more than 2 million subscribers here by 1999, 3 million by 2000 and 10 million by 2005.

Compared to the analog cellular service, the PCS, based on a digital technology, will offer advantages such as greater call security, lower service charges, lower handset prices and various multimedia services. But the system with limited hands-off capabilities, will have some shortcomings, hindering the use of the service aboard vehicles moving faster than 30 km per hour. The issue of who is actually the largest shareholder of Dacom is entering into a wholly new phase as the Tongyang Group has given up its licensing ambition and the MIC vows to enlist the aid of the Fair Trade Commission. As the largest shareholders of existing telecom-service companies are prohibited from applying for a new license under the current laws, the PCS bids by the LAG Group or Dacom itself could be damaged, depending on the results of the state probe.

The MIC's alleged move to award additional 30 points to the PCS hopeful's, with experiences in the digital CDMA technology is also touching off another feud. Separately, debates are alsoraging over the Korea Federation of Small Business's (KPSB) financial and technical capabilities for the PCS business.

TRS

TRS is the second most competitive battlefield after PCS. The MIC is to license one countrywide TRS

carrier and regional carriers in nine provincial areas. The competition for the single nationwide license and two regional licenses in Seoul and Pusan is particularly intense.

TRS allows more than 100 users located within a 50-km radius to conduct communications simultaneously through just a single frequency. The service is now considered as just a network of walkie-talkies mostly used by aftersale service or delivery service people. However, a growing number of business enterprises are recognizing TRS as a very promising means of cellular communications that will eventually merge the wireless data communications and wireless fax service in the near future.

"TRS is attractive in a different aspect," said an industry analyst. "Only two base stations are needed to cover the whole Seoul area, for instance. Considering the service's potential profitability, it is relatively simple and cost less to prepare and launch the commercial TRS service," he said.

At present, Korea TRS Co., a unit of Korea Telecom, is offering an analog TRS service in Seoul and 11 other provincial cities.

Int'l-call service

The 1-trillion-won-a-year international-call market appears highly attractive particularly to mid-ranking conglomerates with little experiences in the telecom sector.

Despite a relatively smaller investment compared to other wired communications services, considerable profits will be guaranteed even for the third operator. Korea Telecom and Dacom, the current players in the international market, are expected to post revenues of 632 billion won and 300 billion won, respectively, in 1996.

The benefits of the international business does not end with the direct cash earnings. The business can be applied to accommodate "next-generation intellectual services," such as the commercial Internet service, private-line service and international corporate communications service in the coming years, analysts say. Amid the heated competition, the Korea Electric Power Corp. (KEPCO) seems to pose the most unpredictable factor in the licensing war.

KEPCO, which owns a total of 7,000 km of fiber-optic cable across the nation, is naturally an irresistible consortium partner to the international-license contenders

Paging service in Seoul

The competition rate of 8 to 1 is considered unexpectedly high, as analysts note that the current paging market in the capital area is nearing the saturation point.

As of late last year, a total of 5.1 million people were subscribing to the paging service in Seoul and its neighboring cities. The 5.1 million users represent a penetration rate of 24 percent, which exceeds the corresponding rates of Singapore and Hong Kong.

"Three paging service carriers — Korea Mobile Telecom (KMT), Naray Mobile Telecom and Seoul Mobile Telecom — have already signed up almost all wireless population available," said an analyst.

"Out of such a fear, the MIC dropped a plan to license a third paging operator in the Pusan-South Kyongsang Province area this year," he said.

But the eight license contenders dismiss the pessimistic view.

"Actually, the marketability and profitability will be infinite in the field as a variety of advanced supplementary and value-added services are being developed. The two-way paging service and high-speed paging technology are good examples. The high service-cancellation rate among the existing subscribers is another hopeful sign," a Chongku Construction executive said.

Wireless data & CT-2

Thanks to the wireless computer communications (WCC) technology, notebook computers will be "liberated" from wires, opening the era of truly mobile computing.

People will be able to send or receive data through their notebook PCs from a remote outdoor place, where no telephone lines are available. For example, an outdoor service employee carrying a laptop computer can exchange written business reports with the head office from aboard a moving car. The WCC system will also be useful when, for example, a taxi driver wants to inquire about his customer's credit card from his vehicle, or when investors want to inspect the stock prices, while on the move. Three nationwide operators will be licensed.

The low-cost, dispatch-only CT-2 (cordless telephone second generation) terminals, if carried along, with a pager, can work like a wireless phone. The government is to license one countrywide CT-2 provider and 10 regional operators.

ROK: KFTA Plans International Information

Superhighway

SK0603090096 Seoul YONHAP in English
0733 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — The Korea Foreign Trade Association (KFTA) plans to establish an international information superhighway as

part of its effort to improve the international image of the nation and its products.

The KFTA, in cooperation with Edelman Co. of the United States, is going to establish an information network and make it accessible to companies and organizations in the United States, Japan, France, Germany, Britain and China, a KFTA official said Wednesday.

The new project will use state-of-the-art information media including E-mail, the Worldwide Web and communication satellites to provide the world with up-to-date information on Korea and its products on a real-time basis, the official said.

The project is going to be called "Made in Korea - Seoul of Quality," and involves creating a global news bureau dedicated to providing press releases to 3,000 major news organizations around the world, sponsoring various press events, and other related activities.

"Information kits are going to be made available for opinion leaders in major markets, and an Internet "Access Korea" home page will be created, the official added.

Other plans include special trade promotion events, media monitoring and staffing a toll-free hotline.

ROK: Income Gap Increase Between Wealthiest, Poorest Reported

SK2402043396 Seoul THE KOREA HERALD
in English 24 Feb 96 p 3

[FBIS Transcribed Text] Despite an expanding middle class, a product of the economic boom witnessed in the last two decades, the gap in wealth between the nation's wealthiest and the poorest group of people has widened; a recent academic report said.

According to a report released by the Institute of Korean Social Welfare at Seoul National University, real income discrepancy between the two groups jumped fourfold in 1992 from 1966.

In 1966, the gulf of difference in monthly real wage recorded 180,000 won where the highest earning group marked a real wage of 231,000 won, and the lowest, at 51,000 won.

In 1992, that figure leaped fourfold to result in a gap of 760,000 won, the report said.

Gini coefficient, which has been calculated since 1979, however, showed a downward trend. The economic index which measures the inequality in income distribution climbed down to 0.285 in 1992 from 0.339 in 1979.

Researchers at the institute attributed the lower Gini coefficient to an increasing middle-class rather than to an improved distribution of wealth.

In the meantime, of the 1,175 lower-income households, 378 or 32 percent on average had a debt of half a million won, the report said.

The primary reason for these households obtaining loans or debts was for housing, accounting for 39 percent. Business followed next with 26 percent, trailed by living expenses with 16 percent. About 9 percent of the respondents replied they took out loans for school tuition, and 5 percent said, for marriage and funeral expenses.

ROK: Samsung Electronics Succeeds in Localizing 'Dry Etcher'

SK0603095896 Seoul YONHAP in English
0623 GMT 6 Mar 96

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — Samsung Electronics Co. has succeeded in localizing dry etcher, a core equipment to mass-produce next-generation semiconductors such as 1-giga dram, a company spokesman said Wednesday.

Developed with an investment of 3 billion won (3.84 million U.S. dollars) over the last two years, the Samsung etcher is a key component of the etching process, which removes a needless thin film from the wafers with chemicals or gas, the spokesman explained.

There are only a few advanced companies worldwide, such as Apply Materials Technology (AMT) and Lam Research Corporation (LRC) in the United States, that produce dry etchers, at a cost of 2 million dollars per unit.

Since South Korea has had to import etchers up until now, it is expected that substituting a domestic made version will mean that 140 billion won (179.48 million dollars) that was previously spent abroad annually, can now be spent at in South Korea [as received].

To help elevate the status of the South Korean semiconductor manufacturing equipment industry, Samsung is in the process of locating small companies willing to transfer dry etcher manufacturing technology so that they can produce and market it, the spokesman added.

ROK: Direct Overseas Flights From Provincial Airports Increase

SK0503071496 Seoul YONHAP in English
0034 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — The number of overseas flights by national carriers

departing from provincial cities has sharply increased, reflecting the economic prosperity in such regions.

According to airline sources, the number of Korean Air (KAL) overseas air routes departing from local airports has risen from six in the first half of last year to eight this year. Those served by Asiana are to increase from three to more than five this year.

Until June 1995, KAL international air routes departing from provincial ports linked Cheju-Pusan-Tokyo, Cheju-Osaka, Pusan-Fukuoka, Pusan-Nagoya, Cheju-Nagoya, and Kwangju-Seoul-Bangkok-Singapore.

KAL launched service on a Pusan-Guam air route last July and a Taegu-Osaka route in February.

The major airlines of the country soon plan to fly Pusan-Bangkok and Taegu-Seoul-Qingdao routes. In addition, KAL plans to serve a Pusan-Beijing route, recently been agreed upon with China, along with Asiana airlines.

A construction and Transportation Ministry official said the two national carriers will share flights over the Pusan-Beijing route as is the case now with the Seoul-Beijing route.

Asiana, which began Pusan-Osaka, Kwangju-Osaka and Pusan-Saipan routes last year, plans to operate Kwangju-Saipan and Taegu-Saipan routes during the latter half of this year.

Along with a Pusan-Beijing route that it will operate jointly with KAL, Asiana intends to begin a Pusan-Shanghai route as early as April.

ROK Environment Ministry Cites 504 Businesses for Violations

SK0203033296 Seoul THE KOREA TIMES in English
1 Mar 96 p 3

[FBIS Transcribed Text] A total of 504 business firms and buildings were caught releasing various air and water pollutants in excess of permissible levels in January, the Environment Ministry said yesterday.

Of them, 256 were ordered to suspend their business or adjust related facilities and equipment and 104 firms were referred to related authorities for possible criminal punishment.

Forty-nine unauthorized firms were shut down.

The number of violators of environment laws and regulations accounts for 5.4 percent of 9,327 firms and institutions that were inspected by authorities in January.

They include the Korea Atomic Energy Research Institute (KAERI) in Taejon and five local paper companies.

Facilities of Asiana Airlines in Kangso-ku, southwestern Seoul, and 29 other businesses that were found to have released excessive amounts of suspended solids and other water pollutants were ordered to take "corrective steps" or face temporary business suspension.

In December, some 765 firms and buildings, including several subsidiaries of the nation's chaebol, were cited for violating pollution control requirements.

ROK Proposes Creation of 'Asian Atomic Energy Safety Council'

SK0503/23796 Seoul YONHAP in English
1119 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — South Korea on Tuesday proposed the creation of an Asian Atomic Energy Safety Council aimed at better facilitating the exchange of information on nuclear safety among Asian countries.

The overture was made by Vice Science and Technology Minister Im Chang-yol in a speech at the 7th Asian Atomic Energy Cooperation Conference held in Tokyo.

A report reaching from Tokyo said Vice Minister Im emphasized in the keynote address the need for increased nuclear safety programs and a stepped-up nuclear non-proliferation system.

He also said South Korea would expand exchanges with other Asian countries on the technology and experiences it has enriched in the development of the Korean-standard atomic power plant.

The Tokyo meeting was attended by delegates from Korea, Japan, China, Indonesia, the Philippines, Thailand, Vietnam, Malaysia and Australia.

After the meeting, Vice Minister Im had separate talks with the chief delegates of China, Indonesia, and three other countries on the issues of exporting atomic energy knowhow and expanding technical information exchanges.

ROK: KBS To Begin Satellite Broadcast Tests in Jul

SK0603044296 Seoul KBS-1 Television Network in Korean 1200 GMT 3 Mar 96

[FBIS Translated Text] The Korean Broadcasting System (KBS) will conduct a satellite broadcast test using the Mugunghwa No. 1 satellite, our country's first broadcast satellite, beginning in July. With the era of satellite broadcasts on the horizon, we have planned a special feature program on satellite broadcasts to mark KBS' founding anniversary. Reporter Kim Chung-hwan

explains the preparations being made for satellite broadcasts and the impact they will have on our viewers.

[Begin recording] (Kim) With the Mugunghwa No. 1 satellite now in place and the beginning of the test satellite broadcast scheduled for July, the satellite control station here in Yongin, [Kyonggi Province] is in its final stage of checking and testing all the necessary equipment to broadcast programs. This is the satellite operating room at the Yongin Satellite Control Station. [Video shows various shots of the interior of the satellite operating room at the Yongin Satellite Control Station where people are checking various equipment and facilities and various satellite broadcasting system diagrams] The screens in the background show broadcast programs that the transmitting station here is sending to the Mugunghwa No. 1 satellite. These programs are relayed to this station's monitor via the Mugunghwa No. 1 satellite.

Although the test broadcast uses a close circuit system, the screen and audio are much clearer and better than those in existing television sets, because digital signals are used. Digital signals are a step ahead of the present analogue signals.

It takes approximately one second for the video to be relayed from the equipment to the satellite.

To watch the satellite broadcast in the country through an existing television set, it is necessary to install a 43-cm diameter dish-type receiving antenna and a satellite receiver.

[Yun Yong-chung, director of the Yongin Satellite Control Station, identified by caption] We will conduct the performance test by the middle of March and will transmit programs to the satellite from the middle of March to the end of June in order to perfectly and completely finish the performance test.

[Kim] As technological problems are expected to be completely solved by June, KBS will start the test satellite broadcasting beginning in July.

KBS, which is to use two channels of the total 12 channels of the Mugunghwa No. 1 satellite, has decided to schedule the first-phase of the test satellite broadcast between July and December.

Channel 1 will air general broadcasting programs such as news, current topics, and other information, and channel 2 will cover programs on culture, arts, and sports.

The Education Broadcasting Station, the Munhwa Broadcasting Corporation, and the Seoul Broadcasting System, are also planning their own satellite broadcasting projects. Twenty four of the Mugunghwa No. 1 and

No. 2 satellites channels will be utilized in the future. Thus, like advanced countries, we will also greet the era of satellite broadcast before the 21st century.

Business groups' expectation toward the era of satellite broadcast is great. Domestic electric appliance production companies such as Samsung, LG, and Daewoo have reportedly established facilities capable of producing more than 40,000 wide-screen television sets for satellite broadcast a year, and estimate that wide-screen television sets market for satellite broadcast will reach 15 billion won this year.

Nine electronic companies, which produce receiving equipment and receiving antennae, already have entered a mass production stage. Thus, they are accelerating preparations for the era of satellite broadcasts. [end recording]

ROK: Trials of Defendants in Kwaegju Uprising Scheduled

*SKD603083696 Seoul YONHAP in English
0725 GMT 6 Mar 96*

[FBIS Transcribed Text] Seoul, March 6 (YONHAP) — The trials of the 16 people accused of participating in the Dec. 12 military coup and May 18 bloody suppression

of the Kwangju democratization uprising will be held once a week for three weeks so that prosecutors can question the defendants directly.

The Seoul District Court said Wednesday that it will first hear the case against those accused of being involved in the both incidents, including ex-Presidents Chon Tuhwan and No Tac-u on March 11.

"The court plans to hold the second trial a week after the first trial begins and the third a week after the second trial begins, so that prosecutors can conclude direct questioning in the first three weeks," a judge of the court said.

Proceedings will move more quickly than usual, but the court did not elaborate on why it needs to conclude direct interrogation in a relatively short period of time.

The court indicated that because the record of the prosecution's investigation is 130,000 pages long, the judges need time to review it before attorneys cross-examine the witnesses.

This means that the trial may resume sometime in mid-May or perhaps even later, a judge said.

Burma**Burmese Army Reportedly Renewed Offensive Against Karenis**

BK0603035196 Bangkok THE NATION in English 5 Mar 96 p A8

[Report by Somchit Rungchamratratisami]

[FBIS Transcribed Text] Mae Sot — The Burmese army has moved in five extra battalions against embattled ethnic Karen guerrillas in its drive for victory in the offensive before March 27, Burma's Armed Forces Day.

Sources from the Karen National Progressive Party (KNPP) in Mae Hong Son said yesterday that Burmese troops renewed their offensive on March 2 against a KNPP stronghold in Nonglong after a lull of several months. Nonglong is about 24 kilometres northwest of Thailand's Mae Hong Son province.

They said the Burmese army had suffered serious casualties and that at least 20 of their soldiers were killed during two heavy clashes since Saturday when the offensive began at 7.10 am. The sources declined to reveal exact KNPP casualties, saying they had suffered very little because they were on the defensive.

The Burmese army has deployed heavy artillery, including 120-mm, 81-mm and 60-mm mortars, and 75-mm recoilless rocket launchers, the sources said. They said about 500 mortar and rocket rounds were fired on Sunday.

So far, the Burmese troops have tried twice unsuccessfully to capture the Nonglong stronghold, the sources said.

At the moment five Burmese battalions, made up of about 1,500 troops, were engaged in the fighting after the KNPP struck a ceasefire deal with the Burmese junta last March.

The truce was broken after the Burmese army began moving 21 battalions in June and began an unprecedented month-long offensive which led to the KNPP losing its headquarters and smaller outposts along the frontier with Thailand. The assaults drove thousands of Kareni villagers across the border into Thailand.

The sources said about 300 students from the All Burma Students Democratic Front (ABSDF) have joined the Kareni to defend the strategic Nonglong stronghold.

ABSDF sources quoted wireless messages intercepted from local Burmese commander Col Win Min as saying that the Burma Army has planned to deploy 27 battalions altogether in its military showdown with the KNPP, one of the smallest armed ethnic groups

fighting Rangoon for greater autonomy after Burma's independence in 1948.

They said Win Min intended to completely wipe out the KNPP and capture all the Kareni-controlled territory by March 27.

Brunei, Malaysia & Singapore**Malaysia****Malaysia: Mahathir, French Minister Discuss Bilateral Ties**

BK0603071096 Kuala Lumpur THE STAR in English 6 Mar 96

[Unattributed report]

[FBIS Transcribed Text] Butterworth — France has expressed interest in working with Malaysia on the construction of the world's largest electric rail system to link the continents of Asia and Europe via China.

French Foreign Minister Herve de Charette said yesterday he had discussed the matter with Prime Minister Datuk Sri Dr. Mahathir Mohamed during a courtesy call on the latter on Monday. He said Dr. Mahathir welcomed the suggestion and France was looking forward to working with Malaysia in view of their good bilateral relations.

"We have the expertise and a very high level of transport technology, especially in rail services. "France's railway system is one of the most efficient in the world and we believe we can work very closely with Malaysia. "Our interest is also made in the spirit of the recent Asia-Europe Meeting (ASEM) in Bangkok which had appointed Malaysia to oversee the rail link project," he said after visiting Alcatel Network System (M) Sdn Bhd here yesterday.

Earlier at a press conference in Kuala Lumpur, de Charette said the two countries had entered a new era in diplomatic relations and bilateral ties.

"At least three more French ministers will be visiting Malaysia," he said.

De Charette arrived here on Sunday for a three-day official visit, accompanied by his wife Michele and a delegation which includes representatives of three leading French companies.

He praised Malaysia's exceptional economic growth and political stability and offered France's potential contribution to the Malaysian market.

He said France had welcomed his Malaysian counterpart Datuk Abdullah Ahmad Badawi's proposal to form

a joint commission to further strengthen bilateral relations.

"The commission will be a means for the two countries to work together more efficiently and to intensify co-operation. It could be a forum to discuss non-diplomatic issues," said de Charette.

He also said the topic of nuclear testing did not arise during his meetings with the various leaders and businessmen.

"We know about Malaysia's position on the matter. France has decided to stop all nuclear tests and the test centre has been closed," he said.

Malaysia: Commentary Praises France's Wish for Closer Ties

BK0603102696 Kuala Lumpur Voice of Malaysia in English 0810 GMT 6 Mar 96

[Station Commentary]

[FBIS Transcribed Text] The French Foreign Minister, Herve de Charette, was in Malaysia this week for three-day official visit. His arrival here soon after attending the Asia-Europe Meeting in Bangkok, reflects his government's interest in closer ties with Malaysia. The French minister and his delegation of (23) had a busy schedule.

They were able to hold a number of discussions with Malaysian cabinet ministers and business leaders. France, of course, is an important European power. Its status as a permanent member of the UN Security Council gives it an additional role in international policy. In this connection, the French Government has expressed an interesting idea. It feels that ASEAN, the Association of Southeast Asian Nations, should be entitled to representation on the Security Council. Even if it is a nonpermanent seat, it will be some recognition of the growing importance and influence of this regional group of countries. At present, the 10-nonpermanent members are representing this geographical grouping too; however, the Asia-Pacific representation needs to be enhanced and it is possible that France's idea may receive due attention when the UN discusses reforms for its composition and operation.

The French Foreign Minister's visit should also be viewed from the perspective of the recent Asia-Europe Meeting in Bangkok. It is evident that the European Union and other nations in the (European) continent want to embark on more trade with the dynamic Asia-Pacific countries. They are aware of the rapid economic development and the forecast about even greater rate of growth in the years to come. In short, it is no longer viewed as poverty-stricken, and over crowded region.

Now that its growing affluence is regarded as a sign of immense potential for European business firms, Asian countries can well afford to buy highly sophisticated goods. They also offer lucrative contracts in respect of infrastructure development.

In the case of France, its historical link with the Indochina region provided good basis for its new policy towards Asia. French trade and investment in Malaysia may be relatively small, but they are negligible. There are French commercial banks in Malaysia for example. French companies have also achieved prominence in rubber, tea, and palm oil ventures; however, in recent years, it is in high technology that the French's presence in Malaysia is particularly prominent.

Malaysia welcomes every opportunity to improve its pool of technical skill and its access to modern technology. The work of the Malaysia-France Institute situated on the outskirts of Kuala Lumpur is much appreciated by the Malaysian community. It is hardly surprising that a decision has been made to set up a body to promote stronger ties. A French-Malaysian joint commission will be established to strengthen relations between France and Malaysia. We can therefore look forward to more cultural exchanges as well as trade, investment, and political contacts. One sector for which the French have already expressed support is the Singapore to Beijing rail services. This brain child of Malaysian Prime Minister Dr. Mahathir Mohamed has been well received in the countries concerned. The French delegation to the recent Bangkok Summit has pledged support in the technical aspect of the railway link.

All in all the foreign minister's visit can be regarded as a prelude to more French participation in making an ASEAN joint ventures, public projects, and cultural events. Malaysia welcomes this development.

Malaysia: Mahathir on Australia's Election Results
BK0403071396 Kuala Lumpur UTUSAN MALAYSIA in Malay 4 Mar 96 p 2

[Unattributed report]

[FBIS Translated Text] Bangkok 3 Mar — Datuk Sri Dr. Mahathir Mohamed said he was not interested in who became the next prime minister of Australia as long as the Australians adopted a positive attitude and maintain good relations with Malaysia.

Commenting on Australian Prime Minister Paul Keating's defeat in the national general election, which ended yesterday, he said: "It was difficult to be branded recalcitrant."

He said Australians like to speak their mind when they talk or comment about other people.

Responding to a question from a participant at the session called The Bangkok Dialogue: The Asian Business Leaders in Bangkok on Saturday, he said: "Keating called me a recalcitrant person. But we became good friends when he visited Malaysia recently."

When asked about Malaysia's reaction to John Howard, Australia's new prime minister, Mahathir said: "He is also an Australian", which was greeted by laughter.

Jokingly, Mahathir added that he did not know whether or not Keating's defeat was connected to his visit to Malaysia. Malaysia was the last country that Keating visited when he was the prime minister of Australia.

Malaysia: Government Planning Diplomatic Mission in Sarajevo

BK0203104896 Kuala Lumpur THE STAR in English 2 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Bangkok — Malaysia will set up a diplomatic mission in Sarajevo, and is selecting a suitable ambassador. Foreign Ministry Secretary-General Tan Sri Ahmad Kamil Jaafar said yesterday.

He said the government was also looking for a building in the Bosnian capital for the embassy.

Kamil said Kuala Lumpur would not set up a mission in Belgrade unless it met its commitments to the United Nations peace efforts. Malaysia now has a mission in Croatia.

Portugal and Luxembourg have informed Malaysia that they are in the process of setting up their respective diplomatic missions in Kuala Lumpur.

Malaysia: Mahathir Returns From ASEM, Comments on Sabah

BK0303155496 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 3 Mar 96

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir stated that a review or abolition of a 20-point pact providing special administrative rights to Sabah will not affect efforts to amend the state's constitution. He said that this is a secondary issue. The main issue now is to curb the Sabah chief minister's powers.

The prime minister stated this upon return to Kuala Lumpur after attending the Asia-Europe Meeting (ASEM) in Bangkok.

According to Dr. Mahathir if the 20-point agreement is to be reviewed, it will not only involve the state of Sabah, but the Malaysian Peninsula as a whole. While

reviewing, serious attention must be paid to efforts to foster closer relations between the two sides.

[Begin Mahathir recording] If we want to review the 20-point agreement [preceding three words in English], we have to review points from both sides, not only from Sabah's side but also from Malaysia in general. After implementing the agreement for 10 years, we should review it to foster closer relations, and see how to integrate Sabah into Malaysia. We know that until now, there are still some who think that people from the peninsula are not allowed to go to Sabah and are subjected to certain restrictions. We should consider ourselves Malaysians. [end recording]

Malaysia: Editorial Views Significance of ASEM

BK0603090696 Kuala Lumpur NEW STRAITS TIMES in English 4 Mar 96 p 12

[Editorial: "Leaving the Past Behind"]

[FBIS Transcribed Text] Asia and Europe go back a long way. For the most part, however, it has been a chequered history of diverging and colliding interests, of colossal civilisations and their exclusive cultures. The shadow of the past cuts deep enough into the present for plenty of apocalyptic speculation, such as the "clash of civilisations" hypothesis advocated by some otherwise highly regarded Western academics. The foreboding is not just intellectual whimsy however. The feeling that the world may not be big enough for both East and West to co-exist is a subtext of the climate of relations between the two. Indeed, putting the past behind them is the first thing required to prevent history from repeating itself. The sheer weight of that past — colonialism, conquest, revolution world war — can drag the shaping of a common future. This was why the gathering of leaders at the inaugural Asia-Europe Meeting (ASEM) earned headlines worldwide. For Europe much more than for Asia, the conference marked a first step out of the habitual self-immersion that was turning it askance from the rest of the world.

European introspection can be forgiven for its objective — integration to pre-empt the causes of war and conflict. Today's European Union has been one of the late 20th century's biggest success stories. The depth, extent and level of regional integration — and the devolution of sovereignty to a supranational community — has been unmatched anywhere else. On the other hand, in nowhere else has competing nationalisms caused so much havoc. Asia (although it too has had its share of national ambition) has been more level-headed in its respect of territories and borders — and much more respectful of each nation's place within the organisation of the continent. With little to fear or suspect within

its continental horizons, Asia has been much more outward-looking and gregarious in its external relations. Cultural values have played a large part, too — the Asian propensity for consensus has avoided much of the institutional binding that most of the West needs to pull together. However, as much as Europe, and the West, trusts in the obligatory and contractual powers of covenants, it goes against the grain of the flexibility and freedom of manoeuvre that both sides require in their still formative new relations.

The briskness with which the European participants had given ground on the proposed institutionalisation of ASEM suggests that they had learned a lot from APBC [Asia-Pacific Economic Cooperation]. The inaugural ASEM has concluded with much less divisiveness, and much less ambiguity, than the first occasion of its Asia-Pacific counterpart, which had attempted to rope its members into fixed ideas and schedules of "progress". Having jumped onto the bandwagon of globalisation somewhat late in the day, the Europeans are correct in avoiding obstacles in their effort to catch up. But as belated and as anxious as this effort has been, Europe might still get bogged down under an agenda made even more ambitious by the success of its own integration. In-depth political and economic union has not cured the Europeans of their ingrained provincialism — a character trait which keeps their markets and industries as some of the world's most protected. As their leaders convene in Bangkok for something to look forward to, not just memory will have to be renewed. They will also need to persuade themselves that what is good for the other will not always be bad for them, but will instead be good for all.

Malaysia: Deadline Set for SRV Refugee Repatriation

BK0203134796 Kuala Lumpur *THE STAR* in English
18 Mar 96

(Report by Mergawati Zulfakar — received via Internet)

[FBIS Transcribed Text] Kuala Lumpur — All Vietnamese illegal immigrants in the country will be repatriated by June 30, marking the end of 20 years of the presence of Vietnamese "boat people" in Malaysia.

National Security Division director-general Datuk Jaafar Ismail said he was confident the matter could be resolved by then, as the illegal immigrants had shown a positive response and the Vietnamese government had agreed to hasten the Orderly Repatriation Programme (ORP). "We are very confident with this new deadline. Even the Vietnamese government is confident it will be achieved," he told reporters here yesterday. The United Nations High Commissioner for Refugees (UNHCR)

first set the repatriation deadline for December 31, 1995, but due to problems it was extended. During an informal steering committee meeting on Indochinese refugees in Bangkok in January, Vietnam had agreed to solve the matter through the ORP by June 30. This deadline is expected to be endorsed during a UNHCR meeting in Geneva next week. The UNHCR will continue to provide funding for the illegal immigrants until June. Jaafar said efforts to persuade the immigrants at the Sungai Besi camp to return home under the Voluntary Repatriation Programme (Volrep) have been successful. Since January, a total of 1,787 immigrants had signed up for Volrep, of which 607 people had returned home. Another 2,248 have yet to sign up. Vietnamese Illegal Immigrant Task Force director Laksamana Muda (Rear Admiral) Datuk Yaacob Daud said the Royal Malaysian Navy was prepared to repatriate the Vietnamese in its ships.

Malaysia: UMNO Youth Head's Denial of Scrapping Pact Accepted

BK0603063296 Kuala Lumpur *THE STAR* in English
5 Mar 96

(Report by Shahanaaz Sher Habib and Shamsul Akmar)

[FBIS Transcribed Text] Kuala Lumpur — The UMNO [United Malays National Organization] supreme council is satisfied with Tan Sri Abdul Rahim Tamby Chik's explanation that he had never called for the scrapping of the 20-point agreement for Sabah.

President Datuk Sri Dr. Mahathir Mohamed said the Youth Chief, who raised the matter at the council meeting yesterday, denied making such a statement and said he did not know the source of the news reports quoting him.

"Rahim said he was saddened by the reports and regretted the criticisms levelled against him for allegedly calling for the scrapping, which he never called for in the first place. "The council believes his denial," Dr. Mahathir told reporters after chairing the council meeting.

Dr. Mahathir said Rahim had only said that if there was a need for a review of the 20-point agreement, there was a possibility this could be done together with the review to curb the excessive powers of Sabah chief minister.

Rahim was misquoted last week as calling for the 20 point agreement to be scrapped. Following this, various quarters in Sabah criticised him for the alleged statement.

On Monday, Rahim issued a denial, saying he had merely called for a review and not the scrapping of the 20-point agreement.

SOUTHEAST ASIA

After the council meeting, Rahim said he had no plans to seek redress from the newspaper concerned.

"Since I had already brought it up with the supreme council, I leave it up to them to decide what needs to be done," he added.

The 20-point agreement, which covers a wide range of safeguards, was made when Malaysia, comprising Malaya, Sarawak and North Borneo was formed in 1963.

On the proposed amendments to the Sabah state constitution to curtail the powers of the Chief Minister, he said the Attorney Generals in the Federal Government and state were studying the matter.

Singapore

Singapore: Daily Views Howard's Victory in Australian Election

BK0603024696 Singapore BUSINESS TIMES
in English 6 Mar 96

[Editorial: "The One Promise That Matters" — received via Internet]

[FBIS Transcribed Text] The new Australian government, under John Howard, seems a pragmatic one. During the campaign, it showed itself ready to abandon or modify previously avowed positions. But voters will expect quick delivery on the one promise that really matters — the pledge to ease the jobs situation. Unfortunately, that problem won't be so easy to fix. The jobless rate is running at 8.6 per cent and, despite coming down from the double digit rates of the early 1990s, is still beyond the threshold of comfort for most Australians. The figures understate the scale of the problem. Most of the jobless have been without work for some time now. Many are middle-aged, white-collarworkers who have little prospect of finding paid work again. Young people, even highly-educated ones, find it hard to land even lowly-paid service jobs in the hospitality trade.

So, with net foreign debt standing at A [Australian] \$184.86 billion, what can the new government do about Australia's economic malaise? The level of debt will certainly impede the central bank in cutting interest rates to stimulate the economy. As well, the new government has promised a budget surplus by cutting spending. So unless commodity prices, which traditionally account for about two-thirds of the nation's export earnings, pick up substantially and quickly, Australians may find they have to live with the blight of unemployment for some time to come.

Australia's foreign relations, especially with Asian nations, received considerable attention during the campaign. The nature of the relationship is often misstated.

The Liberal-National coalition sees Australia as a pivotal Asia-Pacific power which should position itself to act as a link between the developed and the developing nations of the region. In truth, Australia is regarded as a nice holiday destination. Its educational facilities are competitive and offer the advantage of proximity. A fair amount of its exports find their way to Asian markets. But that is about all. Whatever role East Asian governments see for Australia, Mr Howard should not slip into the habit of thinking that his country should conduct itself as a surrogate of distant Western allies and push their interests and values. Certainly, if he assumes that he was elected to go around this region "representing the great liberal democratic tradition of this country" — as he put it post-victory — he will go home bruised from some of the encounters.

The new government is also considering acquiring cruise missiles for its navy. If it goes ahead, that would be the second nuclear-capable weapons system in Australia's arsenal after the long-range F-111 bombers. At the same time, the security accord with Indonesia, initialised by the previous Keating government, is not yet in force. It would be a pity if the accord is allowed to wither away quietly and prompt a re-think of the military balance among its close neighbours. An arms race will prove costly for everyone — and it would be profoundly destabilising.

Talent pool (subhead)

A few members of the the National Party, junior partners in the coalition government, saw it fit to stoke hostility towards Aborigines and Asian-Australians in the bid to win. There is evidence that the pitch struck a responsive chord among voters. Of course, Mr Howard has recanted his previous position about Asian immigrants. But his studied ambivalence in the face of such racial outbursts seems to have unsettled some members of the Asian community. There are many among them who are highly skilled and hold professional or technical qualifications. And, for a variety of reasons, their skills are often under-utilised. Skill-short South-east Asian nations may find this an opportune moment to recruit from this pool of talent.

Singapore: Lee Kuan Yew Urges China-Taiwan Talks

BK0403113296 Singapore BUSINESS TIMES
in English 4 Mar 96 p 2

[Unattributed report]

[FBIS Transcribed Text] China and Taiwan should negotiate seriously and agree on a set of markers to give Taiwan "international space" within a one-China

framework, Senior Minister Lee Kuan Yew said last night.

Mr Lee suggested that after the March 23 presidential elections in Taiwan, both sides should negotiate at a very high level on the terms for such space, for economic and cultural purposes, that will ensure no "creeping independence or splitting of Taiwan from China".

"Both sides must put aside past misunderstandings in order to have a fresh start. Regional stability and prosperity will suffer if there is armed conflict and the U.S. were to get involved," he said.

Mr Lee, who was speaking at a reception for grassroots leaders "in the Chinese New Year spirit", said: "I speak as a third party, one not involved in the dispute, but with a deep interest in the well-being of both . . .

"China's leaders have referred to me as an old friend. I am an older friend of Taiwan. If either one is damaged, Singapore will suffer a loss. If both are damaged, Singapore's loss will be doubled. Singapore benefits when both prosper."

Mr Lee suggested that after the election, President Li Teng-hui — who is expected to be returned to power — can take concrete steps to dispel China's misgivings about his true position on reunification.

"For example, one symbolic but significant gesture that Taiwan can make, without any real loss to itself, is to say that it is reconsidering its application to join the United Nations," he said.

Taiwan will lose little by the gesture as very few countries, not even the U.S., will support its application to join the UN. China, in any case, can and will veto it.

China's leaders, on their part, should take President Lee's restated position — that he seeks reunification — as the starting point for talks to draw up a road map for eventual reunification.

But until the election, it was best that both sides do nothing to change the status quo, but instead keep the position such that very high level talks can take place after the polls. "It would be tragic if through some accident the position were to deteriorate irreversibly," he said.

If, by some miscalculation the U.S. gets involved, the costs will be very high for China and the U.S., but highest for Taiwan as its industries and population centres are on the western plain facing China.

"Any Chinese attack on Taiwan will force the U.S. to react and at least impose an economic embargo on

China. Then China's hopes of becoming an industrial nation in 25 years will suffer a major setback."

Intervention by U.S. forces will have a profound long-term impact on all of East Asia.

"Fighting China is different from fighting Iraq or sending peacekeeping forces to Bosnia. U.S. forces will prevail in the short-run, at some cost, but the long-term consequences will be enormous, and all countries in the Asia Pacific will be affected."

Mr Lee said sincere and serious small adjustments by both sides can kick off a process that enables the current tensions to be resolved.

Singapore: Premier Goh Returns From Bangkok ASEM

BK0303104396 Singapore Radio Corporation of Singapore in English 1000 GMT 3 Mar 96

[FBIS Transcribed Text] Prime Minister Goh Chok Tong returned this morning after a visit to Bangkok to attend the Asia-Europe Meeting [ASEM].

The meeting took place over the last few days.

Singapore: Editorial Views Achievements of ASEM
BK0503045896 Singapore BUSINESS TIMES in English 5 Mar 96

[Editorial: "Building on the Bangkok Accord" — received via Internet]

[FBIS Transcribed Text] In the end, the naysayers were proven decisively wrong in pouring scorn on the notion that the Asia-Europe Meeting [ASEM] would be more fruitful if sensitive peripheral issues were sidelined in favour of more substantive trade and economic issues. After two days of informal meetings, 25 leaders from Europe and Asia announced a swag of agreements that proved the wisdom of the consensual approach to summitting. Without the baggage of bureaucrats — they who stick doggedly to pre-determined positions — the 25 leaders were free to act on natural chemistry among them to forge their vision of a new European-Asian axis. The approach of those who would have preferred a raucous meeting dominated by such issues as human rights, labour standards and the environment was rightly ditched in favour of ASEAN's consensus building. This is not to say that the ASEAN approach arose from fear that its flanks would have been exposed had such controversial issues been raised. Not by a long shot. As Indonesian Foreign Minister Ali Alatas put it before the Bangkok meeting: "I can think of at least 10 issues to seriously embarrass the Europeans."

Clearly, both sides could have taken pot shots at each other. That would have provided sound bites for television cameras, but little by way of progress on the issues that mattered. In a sign that Europe had decided to be pragmatic, European Commission president Jacques Santer said: "In my political experience, delicate issues are not solved by shouting across the fence." The achievements of the meeting — on a broad range of economic and political fronts — reflected the compelling imperatives for the coming together of Asia and Europe.

Significantly, the concept of open regionalism is increasingly beginning to gain acceptance. It has been noted that unlike the US and Europe, East Asia and Europe are "under-trading and under-investing" in each other's economies. While the US is the largest investor in Europe and vice versa, Europe's investment in East Asia is smaller than that of America or other intra-regional investors. On the trade front, the 10 East Asian countries accounted for 25 per cent of North America's total trade but only 8 per cent of total European trade in 1994. In this regard, the substance of what the leaders agreed to, including follow-up meetings to be held by economic ministers and senior officials to discuss ways to boost trade and for an investment promotion action plan, are welcome first steps.

Of course, the meeting was not all smiles and niceness. There are still issues that separate the two sides. For instance, the European idea of a code on foreign investment did not sit well with some Asian countries which remain keen to allow pioneer domestic companies time to recoup heavy investments. Similarly, Asian calls for fresh tariff cuts and a reform of EU anti-dumping procedures — as a reward for giving European businesses "access to our low-cost labour" in the words of Malaysian Prime Minister Dr Mahathir Mohamed — were all but rejected. There was also a sense that some leaders could have played a bigger role. British Prime Minister John Major, for instance, kept a low profile and appeared more preoccupied with domestic political concerns.

Clearly, the need for Europe to put its relations with Asia on par with that of North America is not a message that has registered equally with all Europeans. But those failings do not detract from the key achievement of the Bangkok meeting, which is this: Despite all the misgivings, leaders from the two sides were prepared to sit down as equals and tackle difficult issues. The momentum must not be lost. The next step is to get the regular consultative process going quickly — well before the next summit scheduled for 1998 in London.

Singapore: Government Announces Regulatory Framework for Internet

*BK0603025096 Singapore BUSINESS TIMES
in English 6 Mar 96*

(Report by Catherine Ong — received via Internet)

[FBIS Transcribed Text] Singapore — The government yesterday announced a regulatory framework for the Internet to block easy access to content that undermines public morals, political stability and religious harmony in Singapore.

Proposed regulations will require all local service operators and content providers to be licensed by the Singapore Broadcasting Authority (SBA).

A "class licence" will apply to them, which means they will automatically be licensed without having to apply.

Individual users acting in their personal capacity will be excluded from the licensing.

The SBA will also require organisations operating three groups of web-page content providers to be registered with it, and their editors to be "persons of standing".

The three groups are: web-pages owned by political parties; web-pages concerned mainly with politics and/or religion; electronic newspapers targeting subscriptions in Singapore.

These web-pages will be subject to restrictions similar to those governing newspapers under the Newspapers and Printing Presses Act.

"It is a kind of an anti-pollution measure in cyberspace," Information Minister George Yeo said at a press conference.

BG [Brigadier General] Yeo stressed that the measures were not aimed at stifling the Internet's growth.

Singapore has some 100,000 people with Internet accounts, and the government has been one of its most aggressive promoters, equipping schools and libraries with Net access.

An SBA statement yesterday said the framework would "enhance the Internet's potential for Singapore while safeguarding the values we hold as a local community".

It noted that the Internet would soon become another "pervasive medium" like the broadcast and print media.

The latest move makes Singapore one of the first to place Net services under the broadcasting regime.

BG Yeo said: "The Internet has the characteristic of being both a telecom tool and a broadcast spectrum.

Our approach is to regulate at the broadcast end." Thus private E-mail and web-sites with no mass interest and social impact will not come under scrutiny. Discussion groups such as soc.culture are also not of great concern, he said, as they are like "reading graffiti in the toilet". And the latest move is "not meant to curb anti-PAP [People's Action Party] discussion" as, if that was the case, the government might as well ban political websites.

Service providers will be directed to remove content which breach local laws — such as the Penal Code, Defamation Act, Sedition Act and Maintenance of Religious Harmony Act — and to penalise users who post objectionable content, the SBA said.

Schools, libraries and cafes which provide Internet access will be required to install software like NetNanny to block out objectionable material.

BG Yeo accepted that it will be difficult for the SBA with limited resources to police all content which goes through the Net, and that users can bypass local gateways to access objectionable material. "But once you have to find alternative ways to get it, it loses its mass impact," he said.

Cambodia

Cambodia: Critics of Drug Trafficking Reports Reproached

BK0503142496 Phnom Penh MONEAKSEKA KHMER in Cambodian 27-28 Feb 96 pp 1, 4

[Comment column: "Clinton Classifies Cambodia as Drug Trafficker Not Because of Negative Reports"]

[FBIS Translated Text] William Jefferson Clinton or Bill Clinton, president of the United States, wrote recently that the heroin trafficking problem in Cambodia is severe. Narcotics-related corruption also seems to be a problem in government and business circles.

This means "The problem of heroin trafficking in Cambodia is very serious. Corruption related to narcotics is also a problem within the government and big business circles."

The content of Clinton's letter to the U.S. Congress which was revealed on Saturday added two more countries into last year's list, namely Belize and Cambodia.

The Cambodian Government reacted carefully to this news. Countries classified as opium producers or heroin transit nations will lose huge economic benefits, because all economically advanced countries led by the United

States will assert economic pressure or cut economic aid.

Foreign newspapers such as PHNOM PENH POST and FAR EASTERN ECONOMIC REVIEW, citing various sources, had carried reports on the narcotics transit lines through Cambodia and the involvement of power-wielders and big businessmen.

However, it is regrettable that the power-wielders have turned to regard the reports by various newspapers as negative.

It seems that they have forgotten that newspapers only carry facts, though they may be bad news. They should especially understand that it is "not negative reports or the exposure of the unscrupulous drug trafficking or corruption, but drug trafficking, corruption, or the use of force to suppress democratic rights that will sooner or later destroy the national society and country."

Democracy does not suppress press freedom. Rather, it is to eliminate bad practices and to resolve all social problems. This is because "only a genuine democratic movement supported by the people can eliminate all the serious social problems." The democratic movement is one that supports the people's will and one that does not use force to pressure the people to serve any particular group of persons.

Therefore, the press critics are not the ones who destroy the national and people's interests. Rather, it is those who have committed economic and political crimes for their own benefit and that of their groups, the demagogues, those who crave for power, and those who have tried to conceal facts about unscrupulous acts of a group of persons who have never thought of national interests and who only think about gaining wealth for their own group and families.

We can be convinced about this by looking at the political system of the communist democratic dictatorship in 1993 when there was no press freedom, no newspapers which dared to criticize the erroneous and unscrupulous leadership of that group of power-holders. As a result, those individuals from the dictatorial parties have become boastful and drunk with power to the point that they have ignored the fact that the nation is in danger due to widespread corruption, disturbances by the illegal immigrants, and abuse of power.

It should be noted that anyone who can destroy the country for whatever reason must have the power (financial power and the power to order the suppression of the people). Thus, the real culprit is not the press that the government brands as an unconstructive element. It is because there was no so-called unconstructive press,

that the then leaders of the State of Cambodia could rob national property and become millionaires.

Cambodian Paper: Ranariddh Leaving for SRV for Border Talks

BK0603110896 Phnom Penh ARIYEAKTHOR in Cambodian 2-3 Mar 96 pp 1, 4 (Tentative)

[Report by Sen Sam-ngat]

[FBIS Translated Excerpt] [passage omitted] If we talk about the eastern Cambodian-Vietnamese border, the Vietnamese have not only moved border makers into Cambodia but have also farmed, dug canals, and built shelters on Cambodian territory. Skeptical? Try asking the people in Svay Rieng, Prey Veng, Takeo, and Kompong Cham Provinces, particularly those in Dong and Romeas Hek villages. It is an eye opener. Can the National Assembly remain idle? Can representatives of the Royal Government remain silent and be indifferent to the tears of their fellow Cambodians? The answer is that efforts should be made to find evidence and key points for effective talks with Vietnam in order to move toward a positive solution.

A reliable source says that Prince Krompreah Norodom Ranariddh, first prime minister, and representatives of the Royal Government will go to Vietnam very shortly to hold decisive talks with Vo Van Kiet, the Vietnamese side, on the border issue. [passage omitted]

Cambodia: Khmer Rouge Army Commands Sisophon-Poipet Victories

BK0403111896 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 2 Mar 96

[Commendation issued by the Supreme Command of the National Army of Democratic Kampuchea on 2 March; place not given]

[FBIS Translated Text] I. The two-headed operations launched on the Sisophon-Poipet battlefield since 15 January have now lasted one and a half months. Our national army and the people have fought together and successively routed these enemy operations, thus wearing down the enemy forces. By now, these two-headed campaigns have been basically routed by our forces.

I. The enemy forces, both the soldiers and their commanders, from the 12th Division, which is the standing unit here, were basically annihilated. We killed, or seriously wounded, three division commanders, namely Thach Ren, (Koeu Kimsan), and (Choam Sitha) and killed many battalion and company commanders.

2. We basically smashed the newly formed paratroop unit No. 991, both the soldiers and their commander, who were trained by France, Australia, Indonesia, and communist Vietnam.

3. The 3d and 11th Divisions sent from Siem Reap-4th Military Region and the Banteay Meanchey Provincial Unit also lost many forces, both the soldiers and their commanders.

Prum Samen, commander of the two-headed campaigns on Sisophon-Poipet battlefield, was well-aware of his defeated situation. He fled back to Siem Reap several times. He has now sent his wife to see his superiors in the hope of being sent back to Siem Reap instead of being killed on Sisophon-Poipet battlefield.

In sum, from mid-January to today, we killed or wounded 1,200 forces of the two heads. We routed, demoralized, and forced over (?10,000) others to desert the battlefield. The 200 routed soldiers whom they captured and forced to return to the battlefield also fled in disarray. These routed soldiers fired at the police and military police forces who were laying in wait to capture them along the way from Sisophon to Battambang and Siem Reap. These starving routed soldiers tried to rob the people but were attacked and killed by the people.

In addition to killing or wounding many enemy forces, our comrades-in-arms and the people caused heavy losses to the two heads' war equipment. They set ablaze or damaged 18 T-55 and T54 tanks; destroyed an armored personnel carrier and seven trucks carrying troops, water, food supplies, and fuel oil. This is a very serious loss to the warmongering two heads.

II. These outstanding victories won by the national army and people on Sisophon-Poipet battlefield are attributable to the following factors:

The first factor is the political factor to which the field command has paid regular attention. This political factor is very important.

The second factor is the implementation of the guerrilla and people's war guidance, especially our nine-attack method, in a lively manner and with firm confidence in it.

The third factor is the heroism of our comrades-in-arms who organized themselves into small groups and courageously and valiantly ambushed and attacked the enemy troops and their tanks and armored personnel carriers. The enemy's tanks have strong and weak points. The weak points are in the back and the flanks. Our comrades-in-arms firmly grasped their strong and weak points. Whenever the enemy tanks fell into our area, we would push them into our mine fields and

tank traps. Our guerrillas would then fire at their back and flanks. This attack is very powerful, and thus the two heads' tanks are very afraid of our guerrillas. Our comrades-in-arms could launch this attack effectively because they have clearly grasped the (?three-point method) and the strong and weak points of the enemy's tanks.

III. The Supreme Command of the National Army of Democratic Kampuchea [NADK] would like to extend its warmest commendation to our valiant and courageous comrades-in-arms, that is, cadres, male and female combatants, and people on Sisophon-Poipet battlefield who have jointly fought and won this excellent victory.

[Signed] The Supreme Command of the NADK

[Dated] 2 March 1996

Indonesia

Jakarta Dailies Review Coalition Victory in Australian Election

BK0403095496

[FBIS Report] Three Indonesian-language dailies on 4 March carry editorials on the victory of a coalition of the Australian Liberal Party and the Australian National Party led by John Howard in a general election on 2 March.

Jakarta KOMPAS carries an 800-word editorial on page 4 entitled "Australia's New Government Cannot Afford To Renounce Its Orientation to Asia."

"The Labor Party had been in power in Australia for 13 years, an unusually long period for a two-party democratic system. As expected, there was a sense of loss when Prime Minister Paul Keating of the Labor Party was defeated by a coalition of the Liberal Party and the National Party led by would-be Prime Minister John Howard in the general election on Saturday.

"Prime Ministers Bob Hawke and Paul Keating shifted their country's orientation from Europe to Asia during their 13 years in power. This shift to Asia was done by developing effective relations between Australia and Indonesia. Under Paul Keating, bilateral relations were filled with the concrete agenda and marked by intimate personal relations between Prime Minister Paul Keating and President Suharto."

KOMPAS recalls the efforts made by the two countries, which have different cultures and political systems, to achieve mutual understanding. The East Timor issue still remains a unique problem. The Australian Labor Party, the Australian Liberal Party, and the Australian National Party recognize East Timor as part of Indonesia, yet

allow anti-Indonesian groups to conduct activities in Australia, because of Australia's political system.

The daily does not think the Liberal-National Coalition government will neglect Asia, which has a huge population and which is achieving impressive economic progress.

"Whoever is in power in Canberra cannot afford to ignore the reality of the economic, political, cultural, and security issues. We believe that the new government will not change the present policy of looking toward Asia, which was established and enthusiastically developed by the Labor government. There will, however, be changes in terms of its intensity, methods, style, and approaches."

KOMPAS concludes the Howard government will give priority to domestic affairs. The intensity of its external orientation, particularly to Asia will then decrease. The government of Prime Minister John Howard will have to maintain close relations with Asia if Australia does not want to be isolated. The Howard government can maintain and even enhance its relations with Indonesia because a Conservative government tends to be more pragmatic.

Jakarta MERDEKA carries a 500-word editorial on page 6 entitled "Howard's Victory Can Have a Serious Impact."

MERDEKA says: "The victory of the coalition of the Australian Liberal Party and the Australian National Party led by John Howard over Paul Keating may have a serious effect on Indonesian-Australian relations. For a decade [as published], Paul Keating tried to move Australia closer to Asia. He tried to be accommodating regarding the East Timor issue, despite it being an unpopular issue. He had to leave the prime minister's seat after losing by only seven percent."

According to the daily, Keating's defeat shows that the Australian people are hesitant about moving closer to Asia, which has become a promising continent.

"Keating's aspirations to turn Australia into a republic, to accord proper status to Australia's aborigines who have been sidelined, to increase economic growth, and to achieve low inflation and unemployment rates will be replaced by a new policy — a policy that promises a new "white," rather than "colored" Australian posture."

Jakarta REPUBLIKA carries a 500-word editorial on page 6 entitled "Australia Under Howard."

REPUBLIKA says: "Australia's orientation to Asia was an important legacy of the Keating government, and it has brought about certain consequences. Relations

between Australia and Europe have been strained; some say that the relations have been 'neglected.' The issue of secession from Great Britain and the proclamation of the 'Republic of Australia' has heated up."

The daily expresses its concern over recent remarks by Alexander Downer, Australia's foreign minister-to-be, that suggest Australia's intention to reconsider its orientation to Asia.

"We in Indonesia are waiting for important measures to be taken by the Howard government toward relations with its closest neighbor. Will the new cabinet 'revise' the relations that have been intensely developed by Paul Keating through his close personal relations with President Suharto?

"The measures may not be visible in the near future because the Howard cabinet, which includes some members who have never been ministers before, will need sufficient time to study domestic affairs. Australia's new policy will be known when Prime Minister Howard pays an overseas visit. His policy will be reflected by whichever country he visits first."

Indonesia: Daily Views Suharto-Guterres Meeting in Bangkok

BK0203122096 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 2 Mar 96

[From the press review]

[FBIS Translated Text] REPUBLIKA says the meeting between President Suharto and Portuguese Prime Minister Antonio Guterres is an important event for the two countries' ties despite its unscheduled nature amidst the official sessions of the ASEM [Asia-Europe Meeting] in Bangkok. It was the first direct meeting between the leaders of the two countries after East Timor's integration into the Republic of Indonesia, which led to the deterioration of bilateral ties.

Commenting on Guterres' proposal to open liaison offices in the two countries, REPUBLIKA says the proposal has revealed a new dimension, which is more mature and elegant, in the Indonesia-Portugal diplomacy. However, REPUBLIKA cautions that the proposal will certainly produce nothing for Portugal if that country does not make a substantive move more in line with reality. REPUBLIKA also notes it is possible that Guterres has been convinced by European countries not to raise the East Timor issue during the landmark meeting.

Indonesia: Phillipine Boats Detained for Illegal Fishing

BK0303115996 Jakarta ANTARA in Indonesian 2 Mar 15 19 GMT 2 Mar 96

[FBIS Translated Excerpt] Ambon, 2 Mar (ANTARA) — KRI (Republic of Indonesia ship) Fatahilah detained four fishing boats from the Philippines for fishing illegally in Indonesia's exclusive economic zone (EEZ) on 22 February. The model of the boats is that of the "Pan Boat." The boats were escorted to the local naval base in Ternate, North Maluku for legal process.

According to the results of investigations, the four fishing boats with 36 crew members had been fishing in Indonesia's territorial waters without valid documents, Navy Colonel Joseph Molle, Ternate Naval Base detachment officer told ANTARA News Agency in Ternate on Saturday.

The Indonesian Navy has now seized the Philippine fishing boats, and they will be handed over to the legal authorities as evidence in court. [passage omitted]

Indonesia: Trade Minister Interviewed on Liberalization

BK0603032196 Bangkok ASIA TIMES in English 6 Mar 96 p 9

[("Question and answer session" with Tunku Ariwibowo, Indonesian minister of trade and industry, "based on Tunku's answers during the interview and written answers he had provided to earlier questions" by Jakarta correspondent Ong Hock Chuan; place, date not given)]

[FBIS Transcribed Text] Asia Times: Your efforts at liberalizing the economy are well-known, yet recent developments give the impression that the nation's trade liberalization efforts are being swayed by powerful business or personal interests.

Tunku Ariwibowo: The existence of strong and big companies with relations to government is not unique to Indonesia. It is also present in other countries, especially developing countries. But what we have to see (in the context of Indonesia's trade liberalization) is the net effect of what I am doing. I think the net effect is that we are still moving forward toward liberalization of trade and investment.

If there are some impressions that we are not in line with the direction of trade liberalization, we regard it as an exercise that makes the further liberalization more effective. As long as the net result is effective and the net direction is positive I do not feel there should be any worries (about investing in Indonesia).

AT: While the net effect may be as you desire, many investors nonetheless are concerned by a need for consistency so that they would not be blindsided by sudden changes in policy. How would you address these concerns? Also, Indonesia is talking about imposing a luxury tax. Couldn't this be interpreted as an anti-liberalization move?

TA: We are always consistent. At least my office is. But whatever investment policy is implemented must serve national interests. During the course of the process of economic development there may be some times or some areas that may need to be corrected, for example, the sharp increase in the import of consumer goods.

The rate of increase for imports is 70 percent to 75 percent. It needs to be corrected. That is why we are trying to make Indonesians more aware of appreciating their national products. But before they can buy our local products we have to make our products meet international standards first. No one will buy our products if they cannot meet the standards of industry.

As for the luxury tax, we have made it clear that it will be implemented only as a last resort (to curb the growth of imports).

AT: How do you aim to assure investors that their investments would not be endangered by sudden shifts in policy?

TA: The investors' problem is my problem because their success is also our success. So we welcome them to be successful. If they have problems I would love to hear them to solve their problems.

Their problems are my problems because we have a common interest: They want to make money and I would like to see them successful and making money. This is because the more they have and the more money they make; the more money the government will get from tax.... So we do not have a conflict of interest between business and at least my office.

AT: How much support do you have from President Suharto in your efforts to deregulate the Indonesian economy?

TA: Bapak [male honorific] Suharto is very much aware about what people have always said about the high-cost economy. They do not understand. The president is going to issue a decree to abolish all the levies which are not in accordance to law or if they give extra burden to the economy. And we are not dealing with official levies only but also with illegal levies.

I have also been instructed by Bapak Suharto to oversee the National Deregulation Committee. It is now sorting

out these levies. It will not be very long before the government announces its decision.

AT: What is the role you foresee for yourself and the new ministry in tackling the government's serious concern about the rise in the rate of imports and the less than-expected rate increase for exports? What plans do you have for the 1996/97 fiscal year and the remainder of Repelita VI (five-year development plan) to ensure that the government can fulfill its expectation to boost earnings from nonoil/gas exports as was outlined by President Suharto during the budget presentation?

TA: We are closely monitoring the trade trends. In order to boost non-oil/gas exports, we will continue economic reforms and give particular attention to effective implementation of the reforms. We must make the economy more efficient and the enterprises more productive.

AT: There is obviously a great deal of public attention on the ministry and its task. How do you see Indonesia moving to address its balance of trade problem, given that certain quarters continue to regard the January deregulation package to boost exports as insufficient?

TA: The January deregulation is only the first stage of the 1996 deregulation plan. The plan calls for continuous deregulation as compared with the past pattern of issuing periodic deregulation packages.

It will stress effective policy implementation towards export competitiveness and cover not only industry and trade but also finance, manpower, transportation, land use and so on.

AT: Many were expecting other broadbased shifts, opening up of restricted sectors, dismantling monopolies, attention to the question of distribution problems. Can you explain the government's decision not to address such areas at the present time?

TA: These issues are not so simple, especially when you consider that all nations have restrictions and monopolies of one type or another.

The restricted sectors in Indonesia are essential to national interest. Those that no longer serve this interest will be opened up.

As for the distribution problems, my ministry has initiated actions and is working with other concerned ministries to remove bottlenecks and reduce costs. We are addressing these matters as part of broader efforts to boost exports.

AT: There have been constant calls for government to act to either introduce new measures or dismantle impediments that have resulted in Indonesia having a reputation for a high-cost economy. What steps are

being taken to address such concerns by the business community?

TA: If you look at the total costs of doing business, Indonesia's costs are among the lowest in Asia, making Indonesia a very good location to do business and to manufacture.

Let us look at the purchasing power parity (PPP) numbers. The local purchasing power of the rupiah is about four times the exchange rate value. (The Singapore dollar's ratio is about one). It means that labor, housing and other costs, on average, are still very low in Indonesia.

As for the informal levies that businesses complain about, President Suharto has instructed all government departments that these levies must be cut. My ministry will give detailed attention to the distribution area.

AT: Indonesia has shown itself as a strong backer of AFTA (Association of Southeast Asian Nations Free Trade Area) and trade liberalization. As such, there was some surprise when Indonesia forwarded a list of 15 items for exemption at the Bangkok ASEAN (Association of Southeast Asian Nations) summit last year. Could you please explain what Indonesia's thinking was on the issue? Do you consider the deadline of 2010 for agricultural produce to be included in the AFTA scheme realistic for Indonesia?

TA: Indonesia is committed to trade liberalization in the region and in the world, and its position in trade talks will continue to be guided by this commitment. As you know, farm produce has always caused lots of difficulties in intentional meetings, notably the Uruguay Round (of GATT). The issue is particularly sensitive in Indonesia because it affects the livelihood of many smallholder farmers.

Allow me to make a general statement: Indonesia fully supports the AFTA timetable as realistic and beneficial.

AT: Indonesia has been one of the main propagators of free trade in ASEAN and APEC (Asia-Pacific Economic Cooperation forum). How much of a leap in effort is required on the part of Indonesia toward meeting the targets of 2003 and 2020 respectively?

TA: By implementing economic reforms in stages, Indonesia fully plans to meet the ASEAN and APEC targets. You recall that, in the latest deregulation package, we reduced tariffs substantially and preannounced further tariff cuts to a maximum of five to 10 percent by 2003.

AT: Can you outline some plans for Indonesia to attract further foreign investment and to enhance the domestic industries to enable them to be more competitive?

In terms of competition, which other countries does Indonesia consider its main competitors and why?

TA: On foreign direct investment, we have fully lowered the entry barriers. Our future plans are to progressively lower tariffs and protection so as to attract more investments into the productive sectors, especially the export-oriented industries. In other words, we will monitor the quality as well as the volume of these investments.

As for competition, Indonesia does not regard any particular countries as competitors. All nations are our trading partners or potential trading partners. There are always goods and services to trade, to mutual benefits.

AT: Can you tell what role your ministry would have in the area of upgrading workers' skills, both for the domestic as well as for the overseas market?

TA: Our industries and companies must be more productive in order to compete and survive in the open markets of tomorrow. We will need large numbers of competent managers and skilled workers.

We have many institutions and centers providing skill training of workers. We have to upgrade the quality of their training programs. Also, we will encourage more in-plant training of workers by the companies. Those with special skills learned abroad are in great demand as shop supervisors or training supervisors.

Jakarta Issues Decree on Firm Selected as National Automaker

*BKO103014196 Jakarta KOMPAS in Indonesian
29 Feb 96*

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, Kompas — The government has selected Timor Putra Nasional Co. Ltd. as the sole company that meets the requirements to build the national car. This was contained in Presidential Decree No. 2/1996, in which the company has been granted a tax-free facility usually granted to luxury items. Imported car components that are not yet produced locally will also be tax exempt.

Industry and Trade Minister Tunku Ariwibowo announced the presidential decree on the national automobile industry to reporters at a meeting hall in the Department of Industry and Trade. Before the press briefing, the minister also met with members of the Indonesian Motorized Vehicle Association, during which the minister briefed them on the new presidential decree.

The national car is defined as a car produced in Indonesia by an Indonesian company, the shares of which are

wholly owned by Indonesian nationals. Second, the car must have its own name, and the name must not have been registered by other companies. Third, the car must be built with a design and technology developed by Indonesian experts. (passage omitted)

Laos

Laos: Aerial Border Inspection Carried Out With Thailand

BK0503110996 Vientiane Vittayou Hengsat Radio Network in Lao 0430 GMT 5 Mar 96

[FBIS Translated Text] Implementing a memorandum signed by the Lao-Thai and Thai-Lao general border peacekeeping cooperation subcommissions at the 6-7 February 1996 meeting in Vientiane, from 26 to 28 February, the subcommissions respectively headed by the Lao side's deputy chairman, Colonel Bouathiang Champaphan, and Thailand's secretary, Major General Wichit Thailoet, with local general border peacekeeping cooperation committees of the two countries, made an aerial inspection of certain Lao-Thai border areas in Laos' Sayaboury and Bokeo Provinces and Thailand's Phitsanulok, Nan, Phayao, and Chiang Rai Provinces.

The two commissions also landed and made close ground inspections of certain disputed areas to clear up any mutual doubts, especially in the areas between Boten District of Sayaboury Province and Chatrakan District of Phitsanulok Province, Phiang and Siang Hon Districts in Sayaboury Province and Mae Charim and Thongkha Districts in Nan Province, (?Khokbeng) District in Sayaboury Province and Chiang Kham District in Phayao Province, and Paktha District in Bokeo Province and Thoeng District in Chiang Rai Province.

On the afternoon of 29 February, the two sides jointly signed a memorandum on the outcome of the border inspection. They unanimously agreed that the situation along the inspected areas has remained relatively peaceful. Nonetheless, large tracts of wooded areas have been found to be razed and cleared by local Thai residents for farming in some areas separating the Armed Forces of the two sides in Boten District in Sayaboury Province and Chatrakan District in Phitsanulok Province. In addition, slash-and-burn activities have also been suspected to be carried out by some Thai citizens in areas straddling the common watershed above the Nam Souang river. Some other areas were also found to be hideouts for bad elements who have been causing disturbances along the Lao-Thai border. At the end, the two sides unanimously agreed to continue solving the remaining problems.

During the aerial inspection, the two sides rendered excellent and willing cooperation to one another with

the aim of turning the common border into a genuine border of peace and friendship.

Philippines

Philippines: Ramos Meeting With PRC Premier Reported

BK0503085696 Manila PNA in English 0016 GMT 5 Mar 96

[Received via Internet]

[FBIS Transcribed Text] Bangkok, March 2 (PNA) — Chinese Premier Li Peng today assured President Ramos that China will help the Philippines prevent further intrusion of Chinese vessels in Philippine territorial waters.

Li made the assurance during a bilateral meeting with the President at the Lake View Restaurant at the Queen Sirikit National Convention Center (QSNCC) where the two leaders are attending the first Asia-Europe Meeting (ASEM) here.

He said there is a need for distinction for vessels under the control of the Chinese Government, meaning the Chinese Navy and the ones illegally operated by unscrupulous Chinese nationals.

The president brought the intrusion issue following the capture of 20 suspected pirates off Capones Island in Zambales.

Li said that China will help prevent this sort of thing from happening again.

Philippine Navy gunboats patrolling the area engaged the Chinese vessel in a running sea battle that resulted in the capture of Chinese nationals.

The captured Chinese will be charged criminally before Philippine courts.

During their bilateral meeting, Li agreed to the policy that vessels refrain from coming near the islands claimed by the Philippines to avoid conflict.

But Li said the distinction should be made between the vessels under the control of the Chinese Government and those vessels which are operating on their own and engaged in illegal activities.

He said those that are engaged in illegal activities should be prosecuted.

At the same time, Li reiterated China's willingness to negotiate the South China Sea problem in accordance with the United Nations (UN) Convention on the Law of the Sea (UNCLOS) and other international law.

He said China will make no further moves to change the situation in the South China Sea.

The president welcomed the statement that the South China Sea question should be dealt with in accordance with international law.

He noted Chinese's adherence to the principles of the Manila Declaration of 1992 calling for the peaceful resolution of the South China sea dispute.

The Philippines has claimed a group of islands called Kalayaan in the Spratlys.

The disputed Spratlys are claimed in whole or in part by six countries, namely, Brunei, Malaysia, the Philippines, China, Taiwan and Vietnam.

The group of islands are believed to be on top of a vast oil deposits.

At this point, the President suggested that vessels should avoid coming near the islands and establish certain distances to avoid problems to crop up.

The president was referring to the reported incursions of Chinese vessels in Philippine waters last January.

Philippines Official Explains Decision on SRV Refugees

BK0103051296 (Internet) The Journal Group WWW in English 28 Feb 96

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also known as The Journal Group." The dailies are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE PEOPLE'S TALIBA. The weekly is the WOMEN's JOURNAL; report by Tessi Cruz]

[FBIS Transcribed Text] Government firm: Won't legalize stay of Vietnamese refugees. In a press conference, DFA [Department of Foreign Affairs] Undersecretary Rodolfo Severino said that "it is difficult to find a provision in the law in a manner some people envisioned it to be," when asked whether the asylum seekers could seek residence status in the country.

He also indicated that those who opt to stay after the June 1996 deadline for repatriation face legal sanctions because they will be treated as illegal aliens.

Severino stressed that the more than 2,000 Vietnamese should leave Palawan not later than June as the government could no longer afford their continued stay after that period.

According to Severino, the UN High Commission for Refugees' commitment to maintain the refugees camp in Palawan will last only up to June.

"The question as to who would provide support after June 1996 is left unanswered," Severino said adding that what the government and the Catholic Church should do is to use all their persuasive powers to convince the remaining Vietnamese to return to their motherland.

DFA officials said about P [pesos] 30 million is needed annually for the care and maintenance of the camp.

"We hope that with the persuasive power of the government and the Church, these Vietnamese will return to their country," Severino said.

Of the more than 2,000 boat people in Palawan, 89 were repatriated last Feb. 14 via Air Vietnam which flew them from Puerto Princesa to Ho Chi Minh City.

DFA Assistant Secretary Lauro Baja said that 1,896 Vietnamese as of Feb. 27 were "physical present" [as received] in the Camp while 671 were considered "abscondees."

Philippines: Ramos Calls ASEM 'Resounding Success'

BK0503093796 Manila PNA in English 0001 GMT 5 Mar 96

[Received via Internet]

[FBIS Transcribed Text] Bangkok, March 2 (PNA) — President Fidel V. Ramos today described the just concluded first Asia-Europe Meeting (ASEM) a "resounding success."

In a statement he read at a press conference at the Queen Sirikit National Convention Center here, the Chief Executive said the historic meeting is "the beginning of a new partnership between Europe, a continent of great wealth and scientific and technological advances, and Asia, a region of economic vigor and dynamic growth."

"The meeting was marked by great warmth and cordiality, qualities which contributed greatly to its success and to the bright future of the partnership that it started," the president declared.

The president pointed out that the heads of state and government agreed on the principles that would guide the new partnership: mutual respect and benefit, equality, noninterference in internal affairs, support for the United Nations, commitment to the market economy, open regionalism, the primacy of the private sector in the creation of wealth, the importance of protecting the environment particularly the marine environment.

Upon the Philippine Government's initiative, the president said the meeting affirmed the principle that "the people constitute the center and purpose of development and that our cooperative endeavors must proceed, in the first place, through people-to-people exchanges."

The president stressed that during the two-day ASEM meeting, the leaders of Asia and Europe identified certain areas in which the two regions are to devote their cooperative efforts.

Among these areas are — political dialogue, confidence building, reform of the United Nations and restoring it to solvency, disarmament particularly nuclear disarmament, the liberalization and facilitation of trade and investment, science and technology, the development of human resources, the alleviation of poverty, conservation and protection of the marine environment, as well as the fight against organized crime, drug trafficking, terrorism, and the exploitation of illegal immigration, exchanges of people especially the youth.

President Ramos said that he reminded the heads of state and government that "the common people were the center and purpose of national development and of international economic cooperation."

"I explained that in the Philippines, in recognition of this people-centered principle, the way of people empowerment is our path to development," the president said.

He emphasized that his administration strives to empower the Filipino people through the five Ds of development. These are: devolution of power to the local governments and local communities; the decentralization of government operations and services; the deregulation of the economy; the democratization of politics, the economy, and society; and development that is sustainable.

"In this way, we develop a culture of excellence and build our global competitiveness," the president said.

The president said the focus on people is the reason for his government's emphasis on human resource development, the protection of the environment, small and medium enterprises, food security, and on population policy.

"This is our approach to national life and public policy. This is our approach to ASEAN. This is our approach to APEC (Asia Pacific Economic Cooperation). And this will be our approach to ASEM," the president said.

President Ramos expressed gratification that the meeting "saw wisdom in our approach and shared our specific concerns — the protection of the environment, especially the marine environment; the fight against ter-

rorism, drug-trafficking, and the exploitation of illegal immigration; the alleviation of poverty; the opening of markets; and the role of small and medium enterprises.

The president said he highlighted the importance of the seas as the farms of the future and proposed a network among think-tanks and universities through the information highway.

The president also noted the support expressed by European leaders for the treaty on a Southeast Asian Nuclear Weapons-Free Zone which the leaders of all ten Southeast Asian nations signed in Bangkok last December 1995.

"We welcome the universal commitment of the participants in the meeting to the conclusion of a Comprehensive (Nuclear) Test Ban Treaty in 1996," the president said.

In order to achieve the meeting's purposes and advance the new partnership, the president said ASEM agreed on certain specific measures and steps.

These measures include a forum or fora for cooperation between private business sectors, a foundation for youth exchange, support for the Mekong River Development Initiative which was first proposed at last December's ASEAN Summit, Asia-Europe consultations in preparation for the Ministerial Meeting of the World Trade Organization in December, the holding of a second and third ASEM, meetings of Senior Economic Officials and of Business Leaders for the establishment of business forums, and meetings of economic ministers and finance ministers.

The president said he looks forward to continuing collaboration with the countries of the European Union and those of East Asia in the process of building the partnership between Asia and Europe, "a process that we began here in Bangkok."

The president thanked Prime Minister Banhan Sinlapacha of Thailand for conducting the ASEM meeting with "much graciousness and skill" and the government and people as well as the king and queen of Thailand for their hospitality.

Philippines President Ramos Views Spratlys, ASEM
BK0603020396 Quezon City Radio Filipinas
in English 0230 GMT 5 Mar 96

[News conference by Philippine President Fidel Ramos with international and domestic correspondents, moderated by Press Secretary Hector R. Villanueva, in

Bangkok; date not given — broadcast in progress; recorded]

[FBIS Transcribed Excerpt] [passage omitted including indistinct passage] [Villanueva] Miss Marisa Chimphrapha from THE NATION.

[Chimphrapha] [Question indistinct].

[Ramos] Will you say the last part of it again? I did not hear your question.

[Chimphrapha] Sir, I ask the [words indistinct] attending the ASEM [Asia-Europe Meeting] meeting on the ASEAN proposal to have a representation in the UNSC [UN Security Council]?

[Villanueva] [Words indistinct].

[Ramos] Well, I can only speak for my Philippine position, which is that in various fora — especially in the 50th anniversary general meeting of the General Assembly of the UN last October — that I reiterated the Philippines position that we are in favor of membership in the Security Council as permanent members of Japan and Germany. I said it again in our bilaterals with Germany as well as in our one-on-ones with Japan.

[Villanueva] Miss Ledesma of Puji Television.

[Ledesma] Good afternoon, Sir. Could you brief us on the bilateral meeting with the Chinese premier?

[Ramos] Yes. First, he said that in regard to the problem in the Spratlys, he said that China is prepared to come to a resolution on that problem under the framework of United Nations agreements and conventions including the UNCLOS [UN Convention on the Law of the Sea]. By way of reaction, I welcome this statement. I also thank the Chinese prime minister for China's adherence to the 1992 Manila- ASEAN Declaration about the South China Sea islands, which called for the peaceful resolution of the problem as well as the joint and again peaceful installation of development of those islands.

[Ledesma] Sir, what about the issue on the illegal entry of some Chinese?

[Ramos] Okay, let me take you through the whole meeting. The second main issue that we delved upon was the peaceful intentions of China in the Taiwan Straits and his reassurance that other countries around need not be alarmed. I said in reply that we in the Philippines would want the peaceful conditions in Asia-Pacific — in our part of the world — will be maintained because that is the basis of our economic growth and dynamism. At the same time I assured him that the Philippines continue to follow very, very faithfully the one-China policy adopted by us 20 years ago. I also said

that — very seriously — we also have a one-Philippines policy in the Philippines.

We have left it to our senior officials who are going to meet in Manila in a few days to follow up on some of the specifics, like the agreement to keep our respective vessels away from the areas of controversy. And what does that mean; what is the distance? Well this is what will be worked out by our officials.

We also dealt with other bilateral issues. The reassurance of the prime minister of the continued stay of Filipino workers in Hong Kong — there are some 130,000 of them now — will continue to be treated in the same way that they are being treated now, which is under a rather liberal agreement as well as very cordial employer- to-employee conditions, by and large very good. We are assured of the continuing kind of condition even beyond 1997. I also asked the prime minister to convey my best wishes to President Jiang Zemin, whom we see as a very cooperative APEC [Asia-Pacific Economic Cooperation] partner, and for China to support the Philippine position in the early submission, organization, and eventual integration of the MAPA, which is the Manila APEC Action Program for 1996.

[Ledesma] Thank you, Sir.

[Villanueva] Are there other questions before we call on some of our members [word indistinct]? Yes?

[Unidentified correspondent] [Words indistinct] do you expect more concrete results from the next [words indistinct]?

[Ramos] Yes. We are very optimistic about the first ASEM. We have given, as leaders, our marching orders to our officials — our ministers — and we expect them to work hard. We have given assurance on the part of the Philippines. Also, they need to interact on the level of people — students, young people, business companies big and small, and the combined partnerships of government organizations and nongovernment organizations now existing in each national society to also interact among themselves.

In the case of the Philippines, I offered the existing facilities available for learning about business management Asian style. I am talking about the Asian Institute of Management in the Philippines, which has been there for more than 25 years, and it has alumni of more than 35,000 people with masters degrees from all over Asia and some parts of the earth, and even the Americas. This now has been expanded, in fact, to an Asian Institute of Management with enlarged curricula so that students can learn more about the dynamics of doing business and managing business in this part of the world.

[Villanueva] Yes?

[Stanley] Bruce Stanley with the ASSOCIATED PRESS. President Ramos, I'd like to ask you two questions, the first on the subject of the Spratly Islands. Just to clarify: Is it your understanding from your bilateral discussion with Premier Li Peng that China is finally willing to resolve the territorial dispute in the South China Sea on a multilateral basis as opposed to insisting on bargaining...

[Ramos, interrupting] No. Ours was mainly a bilateral conversation. But he did say that China would resolve this in accordance with the various UN international agreements and conventions, particularly the UNCLOS — United Nations Convention on the Law of the Sea — UNCLOS.

[Stanley] No indication, then, about whether China would insist on working — continuing to negotiate — on a bilateral basis with each of the other lateral claimants to the Spratlys?

[Ramos] I think this is going on. In the case of the Philippines, we developed a common code of conduct between the Philippines and China so that we would not have any surprises for each other having such a code. We have learned that there is also such an agreement now, a common code, between China and Vietnam. So the relations are good, or good looking.

[Stanley] Sir, thank you. My second question now, a much broader question really. To what extent do you think the Asian expectations — the expectations of the 10 Asian leaders and countries — at the summit were in fact met? Or maybe you could speak more...

[Ramos, interrupting] But we have some returned proposals here, such as the AIM's, Asia-Europe Institute of Management. And this was in fact proposed by the other side of the [word indistinct]. And so that's already covered. And that's already in place in the Philippines. And so you might say that it's more than halfway done already. Many other proposals from both sides, in fact, already taken root and gathered speed.

Well, we need to follow this up and support this with specific project components, or project support. For instance the teaming of universities, this is taking place in many parts of Southeast Asia. In the case of the Philippines, this is also taking place with some educational institutions, but not yet with universities in Europe. I'd say we have the beginnings already of this kind of interaction for Asia and Europe.

[Stanley] In the other... [pauses] How are these other areas of exchange? Would you say that the expectations were in fact met? Are there any areas where you think

the summit might have fallen just a little bit short perhaps?

[Ramos] I think that there have been (?those we met). You will get a copy of my opening statement. I will not mention anymore all the areas where the interaction were agreed to take place. It's a long list. Perhaps the one that should be considered as little beyond because of the stage is the proposed railway link between Asia and Europe by way of the Mekong Basin into South China at Kunming. We have no such lines existing right now. But there was so much enthusiasm on construction of this proposed project that I see no reason why it should not be followed up to its full completion. Thank you.

[Villanueva] Any others? Miss Malou Calusig of TODAY? If there are no other questions from the others, would you like to go ahead?

[Calusig] Good afternoon, President.

[Ramos] Good afternoon.

[Calusig] May we ask of the statement earlier that you happen to talk about human resource development [HRD] [words indistinct]?

[Ramos] I insisted and I am happy that this was accepted to be included in the final statement that the aspect of the people-to- people interaction be recognized and take up there, in front, in the first page, in the first few paragraphs. It is there.

The Philippines had always been pushing for HRD in the APEC forum and we are happy that finally, after proposing it formally in Bogor 1994, in Osaka it was agreed to pick it up as a regular agenda item in the MAPA '96 in 1996 APEC meeting. But the various countries of Europe and also Asia, in fact, we discussed and proposed many important concerns pertaining to human resource development which includes education, health, and all the other things that are there somewhere in the Thailand statement.

[Calusig] Do you have specifics or concerns about overseas contract workers working in Europe and Southeast Asia?

[Ramos] I did mention that in our ministerial-level meeting in Bogor that the APEC ministers and the initiative of the Philippine ministers put out a proposed annex on the protection of human resources later this year. I mentioned that in our discussions. If it was not mentioned very, very specifically it does not mean that it was given less importance than other issues. It was important in our final discussions.

[Calusig] Sir, what about the South China Sea problem? Was it ever discussed by the Europeans?

[Ramos] The bilateral meeting that we had with some of them — as with China, as we just discussed now — express concerns about the protection of the maritime environment. But no specific geographical locations were mentioned in our plenary meetings. The (?British), the Poles, the Dutch, and some others are especially supportive of the need to support our maritime environment. I mentioned that specifically in relation to security, because I said for a country like the Philippines — with a relatively small land area and a highly large population plus a huge coastline which have very high archipelagic configuration — that we are looking at farming of the seas eventually as the main source of our food in the future. Okay? [passage omitted on highway projects, including indistinct passages]

[Unidentified correspondent] [Question indistinct].

[Ramos] Yes, the matter of direct investments from Europe to Asia was taken up by those of us from Asia certainly pushed for more of that kind of investment in Asia, especially among the developing countries that still have to modernize their infrastructure.

Now as far as the renewal of European interest in Asia, that was also accomplished. It was not, moreover, a renewal of the old interest of Europe in the old Asia, which was colonial in nature, but as duly stated by the chairman, this is now a relation which is based on equality where there is mutual benefit. It is also now not a donor-to-beneficiary kind of a relationship. But again what predominates is the mutuality of benefit because internal investors will gain so much if the partnership in the cooperation is flexible, dynamic, and of course synergistic.

In the Philippines, I have chosen to call this the new arithmetic where one plus one does not necessarily equal to two, it could be five or 100 even, depending on the quality of the partnership.

On the other hand, I'm also citing the Philippines that one plus one could result to zero, or minus five, or minus 100, again depending on the negativity of the relationship. But in the case of the first answer, I'm sure of many, many positive things.

Philippines Police: Abu Sayyaf Chief 'Very Much Alive'

BK0103085996 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 29 Feb 96

[FBIS Translated Text] The police intelligence community has confirmed that Abu Sayyaf leader Abubakar Abdujarik Janjalani is still very much alive. According to reports, Janjalani is in Manila. This was revealed by police officers who were denying reports that Jan-

jalani was seriously wounded in an encounter between the military and the Abu Sayyaf in Patikul, Jolo, Sulu last week. The police added that Janjalani was not in the area when the encounter incident took place.

Philippines: MNLF Chief Threatens War If Peace Talks Fail

BK0103090196 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 29 Feb 96

[FBIS Translated Text] A greater war will erupt if peace talks between the government and the MNLF [Moro National Liberation Front] do not succeed. This was the warning issued by MNLF Chairman Nur Misuari before the start of peace talks. He added that the MNLF is not worried about the military build-up in Mindanao. He said they could use the arms and weapons from the military in the case of new warfare. Misuari is insisting on the establishment of a provisional government in Mindanao. He said that this autonomy is not only for the Muslims or Christians, but for all Mindanao.

Philippines: MNLF Chief Declines Ruling Party's Candidacy

BK0403054896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 3 Mar 96

[FBIS Translated Text] The government panel stressed that it will attempt to accede, based on the Constitution, to the Moro Islamic Liberation Front's [name as heard] demand during the final phase of the peace talks held in Zamboanga. The government panel emphasized that it has no plans to violate the Constitution by granting the establishment of a provisional government as demanded by [Moro National Liberation Front] Chairman Nur Misuari, apart from the planned integration of several members of MNLF forces with the military. The government panel added that they have an alternative in case Misuari declines their offer.

[Begin recording, in English] [[Unidentified correspondent; question inaudible]

[Government Panel Head Manuel Yan — identified by caption] Well, that is why we have proposed the ARMM [Autonomous Region for Muslim Mindanao] alternative — to run for the ARMM election in September. That would not require any plebiscite.

[Unidentified correspondent] Which of course [pause].

[Yan] Which we have promised, if he agrees to run, then, he will run as an administration candidate, and of course will be supported by the party. [end recording]

Meanwhile, Misuari has forthrightly declared that he has no plans to run as candidate even under the Lakas

[ng Bayan; People Power]- NUCD [National Union of Christian Democrats]. He added that he will pursue his demand for the establishment of a provisional government.

Philippines: Alternatives to Muslim Autonomy in South Viewed

BK0403073396 Quezon City Radio Filipinas in English 0230 GMT 4 Mar 96

[FBIS Transcribed Text] The government needs to explore ways to expand Muslim self-rule in the southern Philippines without violating its own Constitution, a government negotiator said Sunday [3 March]. Interior Undersecretary Alexander Aguirre raised the possibility of a compromise after Muslim and government negotiating panels ended committee-level talks late Saturday [2 March] without either [words indistinct] on the size of Muslim autonomous areas and [word indistinct] arrangements in the south.

The government and the mainstream Moro National Liberation Front [MNLF] are trying to end fighting what has killed more than 500,000 people since 1972. Both are (?finding for) the area of Muslim self- rule. Chief Government Negotiator Manuel Yan stood his ground that the plebiscite should be held as required by the national constitution. MNLF Chairman Nur Misuari refused, saying expansion of the area has a good chance of winning since Christians in Mindanao greatly outnumber Muslims. [sentence as heard] The Front wants the autonomous government to cover 12 provinces and nine cities of Muslim Mindanao, plus Palawan Island — all Muslim ancestral lands.

Misuari described the plebiscite requirement as an obstacle deliberately adopted by the mostly Christian framers of the Constitution to prevent the triumph of peace in Mindanao. Aguirre said the challenge for the government is how to put up the transitional structure that would not require a plebiscite and yet stays within Constitutional bounds. He added that Congress can enact a law to form the new autonomous region in a way that would not violate the constitution but satisfy the MNLF demands. The two sides also been unable to agree on MNLF demand for integration of its guerrillas into the Armed Forces. But at least, the two sides are not describing the present situation as an impasse.

A joint statement issued Saturday night by the negotiators said: We have decided to maintain the momentum of the peace talks and commit agreement to search for fresh innovative options.

Misuari said there has not been enough preparations for the meeting. Another government negotiator who asked not to be named said the (?Malacanang Palace) shares

Aguirre's compromise proposal but local Christian leaders need to be persuaded to accept it. Hardline Christians include several members of the House of Representatives have vowed to oppose any peace (?formula) that is not put to vote.

Philippines: Government-MNLF Talks End in Deadlock

BK0403111996 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 4 Mar 96

[FBIS Translated Text] The government will not agree to a Moro National Liberation Front [MNLF] provisional government in Mindanao without conducting a plebiscite. This statement was made by Presidential Adviser on the Peace Process Manuel Yan and Congressman Eduardo Ermita, members of the government peace panel.

Peace negotiations resulted in a deadlock because MNLF Chairman Nur Misuari's position differs with that of the government peace panel. However, peace talks will continue, and the two sides will resume their talks in May.

Philippines Defense Secretary: Military Ready for Mindanao War

BK0503031296 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 4 Mar 96

[FBIS Translated Text] Defense Secretary Renato De Villa has given his assurance that the military is ready to fight the MNLF [Moro National Liberation Front] if a new war erupts in Mindanao. De Villa made the announcement in reaction to the threat made by MNLF Chairman Nur Misuari about the possible eruption of a new war if peace talks do not succeed.

Meanwhile, Philippine peace panel chairman Manuel Yan said the government does not intend to accede to the MNLF's demand for the establishment of a provisional government. He also denied that he signed a secret agreement acquiescing to the MNLF's wishes. According to Yan, only the residents of the 13 provinces and nine cities Misuari wants to control have the right to decide whether to accept Misuari's offer.

Philippines Officials on Stalled Government-MNLF Talks

BK0503094196 Manila PNA in English 0001 GMT 5 Mar 96

[Received via Internet]

[FBIS Transcribed Text] Zamboanga City, March 2 (PNA) — The two-day Seventh Mixed Committee

Meeting held at the Garden Orchid Hotel here tonight ended in a stalemate with no final agreement reached on the remaining contentious issues affecting the on-going peace process between the Philippine Government and the Moro National Liberation Front (GRP-MNLF) designed to end the decade-long conflict in Mindanao.

However, both Ambassador Manuel T. Yan, GRP Peace Panel head, and Chairman Nur Misuari, head of the MNLF group, expressed satisfaction with the outcome of the meeting.

Misuari said the three contentious issues namely the provisional government, security force, and the integration of MNLF regulars into the AFP (Armed Forces of the Philippines) were discussed "depth and further clarified."

"Let us not create any unnecessary sense of expectation on the people, though," he said.

Misuari also expressed elation over the success of the popular consultation held on the night of February 29, a day before the start of the meeting. The consultation was participated in by both peace panels and a number of governors, mayors, and councilors of the cities and provinces in Mindanao affected by the peace negotiations.

"I'm happy that the consultation was the most successful ever held and Ambassador Yan agrees with me," the MNLF chair said.

He said he would still remain in town to consult with farmer groups before leaving for Jolo, Sulu.

With the end of the meeting, the participants expressed satisfaction that solid gains were made in broadening their understanding of the complexities surrounding the remaining issues and a collective commitment was made to search further for "fresh and innovative options in these areas," Ambassador Yan said.

The next eight mixed committee meeting will be held sometime in the last week of May prior to the fourth and final round of formal peace talks that will be held in Indonesia this year.

Philippines: New Transportation, Interior Secretaries Appointed

BK0603104896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 6 Mar 96

[FBIS Translated Excerpt] New faces will enter Ramos's Cabinet in April. Amado Lagdameo, former assistant manager of Public Estates Authority, will replace Transportation Secretary Jesus Garci; while former policeman and Surigao del Norte Congressman

Robert Barbers will replace Interior Secretary Raphael Alunan III.

Another military man joins the Cabinet — Alexander Aguirre, Department of Interior and Local Government undersecretary, has been appointed chief of the Presidential Management Staff.

President Ramos advised the people to just wait for another round of a Cabinet reshuffle. [passage omitted]

Thailand

Thailand: ROK Wants Bigger Shareholding Rights in Projects

BK0303103796 Bangkok THE SUNDAY POST in English 3 Mar 96 p 4

[Unattributed Report]

[FBIS Transcribed Text] South Korea has asked Thailand to allow a greater foreign shareholding in promoted projects in the less remote areas of industrial zones 1 and 2, according to the permanent secretary at the Commerce Ministry.

Somphon Kiatphaibun said the request came from Minister of Trade, Industry and Energy Pak Chae-yun at the bilateral meeting with Commerce Minister Chuchip Hansawat.

Somphon said South Korea claimed that the maximum 49 percent stake permissible in companies investing in the industrial zones was not sufficiently encouraging.

On the other hand, Thailand wanted South Korea to reduce tariff barriers on imports of frozen shrimp and to reduce the inspection period on imports of perishables like Thai orchids.

Exports from Thailand to South Korea increased 52 percent last year, while imports from South Korea rose 30 percent.

Chuchip also met his Vietnamese counterpart for talks on trade cooperation.

Thai Prime Minister Holds Talks With Britain's Major

BK0203145196 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 2 Mar 96

[FBIS Translated Text] At the first Asia-Europe Meeting [ASEM] in Bangkok, Thai Prime Minister Banhan Sinlapa-acha held bilateral talks with John Major, prime minister of Britain, which will host the next ASEM in two years.

During the talks, Major expressed his pleasure at having an audience with His Majesty the King and learning

about the various activities of the Thai monarch who is greatly devoted to the well-being of Thai citizens. He informed his counterpart that Queen Elizabeth II of Great Britain will pay a visit to Thailand this October.

The British leader also praised the Thai prime minister for successfully hosting the Asia-Europe meeting, and pledged to carry on activities connected with this meeting in the trade, investment, social, and cultural fields. He also pledged to support the first meeting of the Asia-Europe Business Forum in France, as well as the meeting of economic ministers in Japan. Regarding bilateral relations, Britain is interested in investing in the fields of transportation and communications in Thailand. In addition, he told the Thai prime minister that telephone calls to him will be available any time.

Thai Editorial Discusses World Trade Organization Proposal

BK0203140796 Bangkok *THE NATION* in English
2 Mar 96 p A4

[Editorial: "WTO Proposal Should Be Scrutinized Closely"]

[FBIS Transcribed Text] A day before the start of the official Asia-Europe Summit (ASEM), leaders of 10 Asian countries agreed during an informal meeting on Thursday night to set up working groups on investment plans for Asia and Europe.

According to the Thai Foreign Ministry's Economic Affairs Department, the working groups will comprise representatives from the public and private sectors and will be instructed to study six economic areas.

These are: an investigation into the conditions and past progress in two-way investment between the two regions; identification of barriers for investment; identification of prospective investment sectors; matching the investment partnership between Asia and Europe to a third region, like Indochina, South Asia or Eastern Europe; the setting up of a financial network to mobilize financial support for identifying projects; and studying post-investment measures which include labor standards, technology transfer and the environment.

In the European Commission's Communication Paper just before ASEM, it was stated: "Asian countries pursue very similar objectives to those of the European Union. This is not unexpected, for after all, they are in the same market economy." So at the summit for leaders from the two continents, it's business as usual with the clear message given to non-governmental organizations (NGOs) on Thursday, that political, economic, and human rights issues are not interrelated.

The most important agenda at ASEM will be business and trade, especially that of the multinational corporations led by their governments. Economics-related and security-related issues will also find a place, though perhaps not on the formal agenda. Sadly, beyond that it's foolish to expect much more.

Following the success of many Western and some Asian countries, maximizing economic growth has now become an end in itself. Those which grow rapidly are called tigers; those who do not are called elephants, or tortoises, as the size may be. Most countries in East and Southeast Asia have joined this race with increasing vigor, come what may. There are few laggards. Their growth rates can be grouped as "rapid", "impressive", or "modest". Some are aspiring to be rich and some are almost rich. And all want to reach the same level as the already-rich.

It is believed that one of the main objectives of Europe at the ASEM is to get an Asian-European consensus that the World Trade Organization's (WTO's) Ministerial Meeting in Singapore this December be used to launch negotiations on a new list of issues. The EU's priority, it seems, is a new WTO regime on foreign investment, and Thursday's setting up of working groups on investment plans for Asia and Europe seems to be the first move in that direction.

The NGOs in their parallel summit, which ended on Thursday, pointed out that should ASEM give a signal that the WTO should take up the investment issue, it will lead to a negotiation process through the Singapore WTO meeting for a treaty that could seriously harm the economies of the developing countries.

To understand the nature of the EU's proposed treaty, reference has to be made to a European Commission paper called "A level playing field for direct investment worldwide" that was informally circulated to WTO delegations in Geneva early last year.

The NGOs pointed out that from this paper the proposed agreement would oblige signatory governments to:

— grant free access for foreign investments. Foreign firms will have the right to enter and establish themselves, with 100 percent equity, in all sectors except security;

— grant "national treatment" to foreign investors. Foreign companies would be treated in a "non-discriminatory" way like local firms. Policies that now favor local companies, banks and professionals will have to be changed.

Foreigners and foreign firms would have full rights to own land and real estate and to receive government aid, subsidies and contracts, just like locals;

— take further "accompanying measures" (such as the right to full profit repatriation and changes to tax and company laws to remove existing favorable treatment to locals) so as to create favorable conditions for foreign investors.

In recommendations submitted to ASEM, the NGOs pointed out that such a WTO proposal would abolish the power and legitimate right of states and people to regulate the entry, conditions, behavior, and operations of foreign companies and foreigners in their country. This is a prime and fundamental sovereign right which is essential for any country to determine its own economic and social policies.

The concerns of the NGOs have merit. Though the ASEAN countries have successfully attracted large volumes of foreign investments, the foreign companies at present have to operate within regulatory frameworks. This is because many local firms and farms are still too weak in many sectors to compete with large foreign firms. Also, there is a realization that the growth of local enterprises has to be promoted through government subsidies or preferential policies, at least until they can compete on more equal terms with the larger foreign firms.

There is no such thing as total free trade. Governments tamper with the free trade regime in line with their national interests. But what is unacceptable is that it is more often the developed Western countries wanting to force open the economies of Asia in order to penetrate and dominate them from a position of strength, whereby their economies and businesses benefit. It would be wise for Asian leaders to be wary of this.

Thailand: France Agrees To Help With Regional Rail Study

BK0403051996 Bangkok BANGKOK POST
in English 4 Mar 96 p 1, 3

[Report by Anurat Maniphant]

[FBIS Transcribed Text] France has agreed to help carry out a study on an Asian proposal for what might become a five-nation railway linking Thailand, Malaysia, Singapore, Vietnam and China.

French Foreign Minister Herve de Charette said in Bangkok yesterday that he would discuss the matter during talks in Kuala Lumpur today with Malaysian Prime Minister Mahathir Mohamed.

But Mr de Charette stopped short of saying that France would finance the study, saying only that France had agreed to "contribute" to it.

The rail project was raised during the Asia-Europe Meeting and mentioned in the chairman's closing statement as an issue to be followed up.

"We heard from the heads of government of Singapore, of Malaysia and Thailand that they had a great interest concerning a rapid railway between capitals of these countries. We think it is a good idea," said Mr de Charette.

It might also be "possible" to develop this railway to link up with China and Vietnam, he added.

France, he went on, was "ready to propose the French capacity to study such a project."

This would be a "good moment" to propose French technology which is "very well known" in the area of railways. And it would be a demonstration of France's readiness to offer technology exchange.

A TGV train project in Korea was "a good example", he added.

Mr de Charette's planned discussion of the new proposal with the Malaysian prime minister today indicates that Kuala Lumpur is a leading initiator of the idea.

"I will discuss this project with Mr Mahathir tomorrow (March 4), as I did with Thai and Singapore authorities," he said.

"France has agreed to the study of such a project, to help the countries make their decision," he said, when asked if France would fund the study.

But Mr de Charette was unable to say when the study would be conducted.

"I don't know" he said. "It depends on the decision of the Asian governments."

He added: "But I think it's a project which seems to be developing rapidly because I was surprised to see how interested the authorities of the three countries seemed (to be in it)."

French companies are leading suppliers of locomotive and other parts for the State Railway of Thailand.

Observers said the rail project proposal is a logical follow-up to Singapore Prime Minister Goh Chok Tong's recent call for all seven members of the Association of Southeast Asian Nations to take part in development of the Mekong River Basin fed by the river that rises in Tibet and flows through China, Vietnam Laos, Thailand, Cambodia and Burma.

China and Thailand in early 1993 became the prime movers of what was the first Mekong development scheme.

Thailand: Banhan Meets Austrian, Malaysian, French Leaders

BK0203140696 Bangkok Radio Thailand Network in Thai 0530 GMT 2 Mar 96

[FBIS Translated Text] The Asia-Europe Meeting [ASEM] has entered its second day today. According to a report by the Public Relations Department's correspondent, the atmosphere at the Sirikit Convention Center was very lively this morning with a large number of Thai and foreign correspondents waiting to cover the event. Thailand's security officials check identity cards and search the belongings of those who wish to enter the convention center. A helicopter hovers to monitor the situation around the center. Police use sniffer dogs to search around the convention center for explosives.

Meanwhile, Prime Minister Banhan Sinlapa-acha held bilateral talks with the Austrian and Malaysian prime ministers, and French president. In their discussions, the leaders shared a view that bilateral relations could be very useful in pursuit of common interests. Talks, however, should not be limited to only investment, but should also cover cultural exchanges which can forge closer relations. The leaders of the three countries support the Thai prime minister's proposal to set up an Asian environment center in Thailand in a near future.

The Austrian prime minister commended Thailand as host of the current ASEM meeting.

Thai Editorial Urges Peaceful Solution to Malaysia Issue

BK0403143596 Bangkok SIAM POST in Thai 4 Mar 96 p 5

[Editorial: "Dispute With Neighbor"]

[FBIS Translated Text] If the question of why Malaysia built a wall along the Thai border opposite Satun Province is not settled through dialogue with that country, it could turn this sensitive issue into a bilateral dispute.

On some occasions, declaration of territorial expansion or territorial waters have led to disputes between the involved countries. Three decades ago Thailand was given a very painful lesson by losing the Preah Vihear mountain to Cambodia.

Thailand and Malaysia are neighbors whose past relations have at times been good and at other times not so smooth. At one time the terrorist activities that oc-

curred in the four southern-most Thai provinces had a secessionist goal. After conducting their activities in those Thai provinces, the terrorists would flee to northern Malaysia. At times leaders of Malaysian political parties openly protected and even declared support for them.

It is commendable that the Thai politicians and people have expressed patriotism and nationalistic pride regarding Malaysia's construction of the wall that points in the direction of Thai territory in Satun Province. Their conduct, however, should not be rash. If they are determined to deal with this matter they should work in the same concerted direction. In particular, politicians in both the government and opposition wings should realize that this territorial dispute is a delicate issue and requires a thorough study of history.

Thailand lost Preah Vihear mountain to Cambodia because the two countries used evidence to support their claims based on different maps. One of the maps was produced by the imperialist when it exercised its influence in Indochina. This same map showed that the Mekong river channel near the Thai bank belonged to Laos.

Relations between Thailand and Malaysia have been generally good recently. After some 2,000 Malayan communist soldiers surrendered their arms in Thailand, terrorist activities along the common border ceased. Consequently, a new dispute between Thailand and Malaysia over the wall construction by Malaysia could hamper relations and have a negative effect on the growth triangle project involving Malaysia, Thailand, and Indonesia.

Thailand Assigned Job of Drafting Asia-Europe Investment Plan

BK0303103096 Bangkok THE SUNDAY POST in English 3 Mar 96 p 5

[Report by Peter Maitri Ungphakon, Somphon Thapanachai, Wichit Sirithawiphon, and Darani Kothanapadi]

[FBIS Transcribed Text] Asian and European leaders have assigned Thailand the job of drafting a plan to boost investment between the two regions, but stopped short of fully endorsing a European Union call for new international rules to liberalise foreign investment.

The Asia-Europe Investment Promotion Action Plan was proposed by Thai Prime Minister Banhan Sinlapa-acha in his opening speech at the Asia-Europe summit on Friday.

It is a response to concern that European investment in Asia is lagging behind investment from the United States and Japan.

The action plan will identify opportunities and obstacles to investment between Asian and European countries and will look at encouraging companies from the two regions to invest jointly in other parts of the world.

The leaders agreed Thailand should organise a working group to draft the plan. A six-month deadline has been set.

On a separate EU proposal for an international investment code, some Asians remained reluctant yesterday.

Malaysia's prime minister, Dr Mahathir Mohamed, said calls for a "level playing field" in trade and investment were invalid if the players playing on the field were midgets and giants.

Asian and European leaders have, however, endorsed the idea that investment in general could be discussed in the World Trade Organisation.

During the summit and in the separate meeting of Asian and European ministers on Friday, the EU sought to assure the Asians it sees the new international rules on investment as a long term goal.

Initially, the EU is only pressing for a World Trade Organisation [WTO] committee to study the issue, officials quoted EU Commission Vice President Sir Leon Brittan as saying.

The investment code would cover opening markets for foreign investment and would include guarantees that profits could be repatriated and projects would not be nationalised without adequate compensation.

The only existing draft is one being prepared by the Organisation for Economic Cooperation and Development, the club of rich nations.

Acknowledging that developing countries might reject a draft submitted as a fait accompli by the richer nations, the EU says it is willing to negotiate a new draft in the WTO.

The Asia-Pacific Economic Cooperation group, has already agreed on a set of non-binding investment principles.

Critics describe the proposed EU investment code as a charter granting excessive rights to multinational corporations.

Some governments of developing countries are also concerned it would limit their freedom to protect local investors.

The proposed code is one of several moves the Asians and Europeans discussed to boost investment flows between the two regions. Mr Banhan's proposed action plan is another.

In addition, the EU Commission — the EU's executive — is due to announce the findings of a study on obstacles and opportunities to investment between the EU and ASEAN and other Asian countries at a business conference in Geneva on April 1.

The summit also endorsed a proposal from Sir Leon Brittan, vice president of the EU Commission, to host a meeting of senior trade officials in Brussels in July to discuss trade and investment flows.

Participants in Friday's meetings said the leaders' references to investment were formal. But in the ministers' room discussion was more animated.

Leading the debate at ministerial level were Sir Leon and Ali Alatas, Indonesia's foreign minister.

Mr Alatas expressed concern the proposed EU code might grant unlimited rights to foreign investors without granting matching rights to the countries receiving foreign investment.

Sir Leon acknowledged afterwards that "I think there are some anxieties expressed by our Asian partners, but I think that it is related to the content of what might be agreed. I think the question of whether we should discuss it at all is a different matter."

EU Commission officials said Mr Alatas repeatedly referred to the need for "multilateral" investment rules.

They interpreted this as a willingness to see investment handled by an international organisation such as the WTO.

Robert Madelin, a senior member of Sir Leon's staff, said all the EU is seeking now is for a committee to be set up under the WTO to study the issue.

Mr Madelin said Sir Leon explained the EU is not insisting negotiations on a new code start immediately after the first WTO ministerial meeting in Singapore this December.

Thai Deputy Prime Minister Amnat Wirawan said several Asian countries, including China, Japan and South Korea rejected what they saw as the European insistence that foreign investors be allowed 100 percent ownership of their projects.

Thai Daily: ASEM Outcome Exceeds 'Expectation'
*BK0403052396 Bangkok BANGKOK POST
in English 4 Mar 96 p 4*

[Editorial: "ASEM Summit: Was It Worth the Effort?"]

[FBIS Transcribed Text] The Asia-Europe summit that ended on Saturday was a reasonably good start for what could develop into a difficult dialogue. The outcome exceeded expectations, mainly because the expectations were low, but on this point it is important to explain what exactly is meant.

There is a difference between expecting little or no concrete decisions to come out of the summit, and saying the summit was a waste of time. So far, we cannot conclude that the summit was a waste. For this first meeting at any rate, a modest outcome could actually be the most practical way of launching a process that could end up creating a significant relationship. That at least was the intention of the first summit's architects. By allowing it to run smoothly enough, confidence should have been created to permit ministers and leaders to tackle more difficult or more controversial issues at future meetings.

The objective of the Bangkok summit was therefore simply to bring the leaders together to "touch base". They would then assign some tasks to their ministers and officials, and those tasks would mainly explore what the Asian and European participants might do in the future. The aims are entirely modest and cooperative. No one wants to negotiate anything at this stage, certainly not (as observers some have suggested) anything like an Asian-European free trade agreement.

Ultimately, therefore, the true measure of the first summit's success lies in future progress. If the participants can build on last weekend's first step, then the Bangkok summit will have been a success. If the momentum fizzles out, then it will probably have been a waste of time. That was (and still is) true of the Asia-Pacific Economic Cooperation (APEC) group set up at ministerial level in Canberra in 1989 and elevated to summit level in Seattle in 1993. It is now also the case with ASEM, the so-called Asia-Europe Meeting.

In fact ASEM, originally thought to be a good compromise name, is turning out to be a misnomer. One reason why the Bangkok summit proved to be more fruitful than the modest expectations was that the list of future meetings is longer than was originally envisaged. At the very least, ASEM should be turned into a plural.

The tasks assigned for the meetings are reasonably concrete, if still modest. Foreign ministers and economic ministers will meet separately to follow up the deci-

sions of the Bangkok summit. Senior officials are to meet for various tasks such as looking at trade and investment issues. Thailand is to convene a working group representing business and governments to draft an investment promotion plan. France and then Thailand will host Asia-Europe business conference to prepare for the economic ministers' meeting and so on.

The danger is that these projects will suffer the same fate as the APEC cooperation work programmes on trade and investment data, standardising customs procedures, developing human resources, developing energy, and so on. The APEC programmes were once considered the most promising achievements of the group because they were more cooperative and less confrontational than the U.S.-Australian drive for trade and investment liberalisation. Everyone could see the benefits of cooperation in those programmes, it was argued.

In fact, the momentum of the programmes has faded as the drive to focus APEC on trade liberalisation has increased, despite occasional complaints from some Asian countries such as Malaysia and even Thailand.

There is a message in the APEC experience for ASEM. One of the virtues of the Bangkok summit was the emphasis on cooperation and the way negotiation and confrontation were avoided, according to several participants, including EU Commission president Jacques Santer and Prime Minister Banhan Sinlapa-acha.

Perhaps in ASEM the fate of cooperation programmes will not be the same as in APEC because in ASEM at this stage no one is trying to set the pace towards liberalisation — even the EU's campaign for an investment code cannot be seen in the same light as the U.S.-Australia liberalisation drive in APEC because the EU is only trying to persuade other nations to negotiate a global code under the World Trade Organisation.

But with so many international meetings at different levels and among different groups now scheduled throughout the calendar, it will be difficult to keep attentions focussed on ASEM's objectives.

This is just a sample of meetings involving Thailand over the next 12 months: APEC finance ministers (March), ASEAN economic ministers (April), APEC trade ministers (on WTO, in June), ASEAN foreign ministers (July), ASEAN economic ministers (September or October), ASEAN informal summit (November), APEC ministerial and summit (November), WTO ministerial (December), ASEAN-European foreign ministers (February 1997), ASEM foreign ministers (February 1997), ASEM economic ministers (February 1997).

And then there are all the officials' meetings to prepare for all those higher level meetings.

Governments will be hard-pressed simply to keep track of a coherent strategy for all of these, let alone to start thinking how to address the legitimate if not always correct concerns of the non-governmental organisations.

At least ASEM has made one decision that is more sensible than the APEC practice: summits are to be held every two years instead of annually.

Thai Daily Urges Asian Nations To Achieve 'Unity' after ASEM

BK0403073296 Bangkok BUSINESS DAY in English 4 Mar 96 p 4

[Editorial: "Momentum Generated by ASEM Must Not Be Lost"]

[FBIS Transcribed Text] A sincere "bravo" to all the participants of the first Asia-Europe Meeting (ASEM).

Future historians will look back upon the weekend's ASEM in Bangkok as a symbolic dawning of a new day in the relationship between the Asian economies with a proven reputation for economic vitality and resourcefulness and a new Europe reaching out to Asia, not as a colonial power, but as an equal partner in business, cultural and political matters.

Much remains to be done in the years ahead, but it can be said that the meeting in Bangkok had the right tone and spirit to it, and for any endeavor of the size and scope of ASEM, getting off to a good start in terms of a positive and co-operative attitude is far more important than reaching specific agreements at this stage.

The fact that another meeting at the ministerial level has been set as step towards the second ASEM meeting in Britain two years from now is another indication of the genuine commitment of all the parties.

There is no secret as to the hardest issue to tackle from now on: How to level the playing field on issues of trading and investment between Asia and the European Union (EU). Specifically, the trading block nature and mentality of the EU cannot persist in its present form if trade and investment are to flourish between the two continents.

Concessions and compromises must be made, if not out of generosity then by necessity, for the EU's present posture is untenable under free trade conditions.

The current members of ASEM are in a strong bargaining positions because no other region in the world comes close to matching the opportunities that Asia provides in trading and, most importantly, in investments. From an objective standpoint, Asian countries can sig-

nificantly reduce the EU's trade barriers provided they act with a high degree of unity. If a united front is not achieved among the Asian economies then there is no doubt that the bargaining advantage is completely in the EU's hands.

How to achieve Asian unity in the face of a European trading block is the challenge that the leaders in this part of the world will now have to tackle.

The Association of Southeast Asian Nations (ASEAN) can serve as a role model of the Asian-style spirit of economic and political cooperation with which a sense of unity can be forged. Asian nations speaking in one voice and strongly insisting on fairness and equality in international trade, finance and politics is the best way to make the EU's promise of treating Asian countries as equals come true. On the other hand, if the European nations perceive disunity and dissension among the producing nations in Asia, then it will be "divide and conquer" time, and the new day in which Asia and Europe treat each other with mutual respect will come to an abrupt end.

Thai Papers Laud Outcome, Management of Asia-Europe Meeting

BK0503122196

[FBIS Report] Two Thai language papers — THAI RAT and MATICHON — carry editorials in their 5 March issues on the achievements of the Asia-Europe Meeting [ASEM], in Bangkok during 1 and 2 March.

The 400-word THAI RAT editorial, on page 3, is entitled: "ASEM - Just A Start". It says: "ASEM has achieved success to a certain degree. It is historic in that it was the first ever meeting between leaders of 10 Asian and 15 European countries." The editorial continues: "It will take time before the meeting will yield concrete results, but at least the leaders of the two world regions have laid foundation for future cooperation."

The editorial notes: "Several national leaders commended the host Thailand for effectively conducting the meeting that avoided potentially contentious topics such as human rights and East Timor, and by leaving it up to the countries concerned to hold separate bilateral discussions. Several national leaders pursued bilateral dialogues. The British and Chinese leaders discussed Hong Kong's future. The ROK and Japanese leaders discussed an island dispute. Indonesian and Portuguese leaders talked over East Timor, while the Thai prime minister and his Malaysian counterpart discussed the Malaysian construction of the border wall. The ASEM participants came to an agreement on several economic and social issues, such as reform of the United Nations, future ministerial meetings to carry out the aims of ASEM, and

the convening of meetings of the Asia-Europe business council and the next ASEM in the United Kingdom in 1998."

Concluding, the editorial says: "We congratulate the Thai Government for its considerable success in holding the historic ASEM. The Thai Government leader must muster vision and energy to implement the goals of the first ASEM for the benefit of Thai people."

The 500-word MATICHON editorial, on page 20, is entitled: "Thailand and ASEM Achievements". The editorial says the Thai Government passed the test in its conduct of the first ASEM. "One must bear in mind that because this was the first meeting, it was more of a forum to gather views and proposals to benefit the two regions than for achieving instant concrete success. The Bangkok ASEM is the first step on a long march together between Europe and Asia.

"The plan to establish a Asia-Europe business council, to be further discussed in France, of an environment development office in Thailand, and the agreement for the UK to host the next ASEM in 1998 are indications of closer cooperation between the two regions. It also represents good beginning in cooperation between the two regions that are enjoying economic and technological growth, with Asia trying to elevate itself to equality in its ties with Europe."

The editorial continues: "The direct benefit that Thailand receives from hosting the ASEM is its enhanced reputation, its being the future site of an office for environment development, and as declared by UK Prime Minister John Major, greater privileges for Thai businessmen investing in the EU equal to those enjoyed by British investors."

The editorial concludes that if there had been any flaw in the organizing of the ASEM on the part of Thailand it was the "overly strict security measures against foreign journalists" and the Thai police attempt to please the government by stopping any local protests during the meeting.

Thai Government Moves To Meet SLORC's 'Demands'

BK0203135396 Bangkok THE NATION in English
2 Mar 96 pp A1, A2

[Report by Somchit Rungchamratratsami]

(FBIS Transcribed Text) Mae Sot - Thailand has capitulated to Burma's repeated demands that it dredge the Moei River channel and remove a reclaimed area along the Thai riverbank, a move likely to spark a new round of local protests.

The Interior Ministry has quietly ordered the Highway Department to prepare to move in heavy equipment to dredge the Moei River in Tak's Mae Sot district and remove the riverbank extension. The work is scheduled to begin before Prime Minister Banhan Sinlapacha's planned visit to Burma on March 18.

People here, who have opposed the Burmese demands and were not consulted before the latest decision was made, have strongly criticized the government for attempting to please the Burmese junta even though there are national interests at stake.

According to intelligence officers in Mae Sot, the Interior Ministry sent a letter to Sanan Srirungrot, director general of the Highway Department, instructing him to order his staff in Tak to prepare all heavy equipment in the province for the operation.

The work, they said, would start as soon as Tak administrative authorities give them the green light to dredge the river channel and remove the soil which was moved years ago onto the Thai bank.

The operation, they added, would start before Banhan kicks off his official visit to Burma, during which the premier hopes to negotiate a reopening of the common border.

The ruling Burmese State Law and Order Restoration Council (SLORC) closed down three border crossings with Thailand early last year, saying internal border unrest, disputes and conflicts with Thailand justified the move.

It also suspended the construction of the nearly-completed Moei River bridge linking Mae Sot with Burma's Myawaddy township because of land encroachment by Thais on the Thai side of the river.

The removal of the land reclamation and the dredging of the Moei River channel to restore its original waterway of more than 10 years ago — when there was a small island at that point in the middle of the river — topped a series of demands from the SLORC which had to be met before the junta would consider reopening the border and resuming construction of the bridge.

The SLORC has reiterated its demands at various meetings with Thai authorities, including the meetings last month of the Thai-Burmese General Border Committee in the Mon state capital of Moulmein in southern Burma.

But Thailand's move to dredge the waterway and remove the soil is no guarantee the SLORC will be satisfied and respond by reopening its frontier and completing construction of the Moei River bridge, said the intelligence officers.

Mae Sot people, especially traders who set up souvenir stalls or handicraft and gems shophouses on the land reclaimed by Mae Sot authorities, are upset with the Thai government's submission to please the SLORC.

They have staged several protests over the past several months against Thailand's many concessions to Burmese demands, including the removal of their stalls and other structures erected on the reclaimed land.

The government previously urged the SLORC to resolve the land problem through negotiations on border demarcation, a request which was turned down by Rangoon. SLORC wants Thailand to comply with its demands before both sides start demarcation talks.

Mae Sot authorities and local people were recently upset when Burmese officials in Myawaddy started filling in the Moei River bank and erecting several weirs to prevent the water from eroding the Burmese bank.

Myawaddy authorities have reclaimed 6 to 10 metres of land over a 200-metre stretch of the river bank on the border opposite Mae Sot.

The Burmese move has prompted several official protests by local Thai authorities and angered Thai people who accused the Burmese side of lacking sincerity in resolving bilateral problems.

Burmese officials said the refilling of the land was done by local Burmese people and that the authorities could not intervene.

Mae Sot people have criticized the Thai government and authorities for "often obeying" Burmese demands on any issue while ignoring the principles of justice and the national interest.

Thailand: Routed Karen Rebels Expected To Flee Across Border

BK0403052296 Bangkok BANGKOK POST in English 4 Mar 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Several hundred Karen rebels and fugitive Burmese students are expected to cross the border into Mae Hong Son province at any time. Their last two strongholds are being heavily shelled by Burmese troops, according to border patrol police.

Rebels of the Karen National Progressive Party [KNPP] and of the All-Burma Students Democratic Front [ABSDF] have declined to enter into negotiations with the ruling junta.

They say the SLORC [State Law and Order Restoration Council] is insincere about wanting peace.

The rebels will be disarmed and pushed back if they cross the border, a Border Patrol Police officer said.

The last two strategic points, lying some 50 km northwest of the border with Mae Hong Son province, are Chinese Hill and Nang Lon Hill.

A member of the ABSDF's central committee, Ye Lin Htoon, said the two camps have been under siege by Burmese battalions 102, 421, 423 and 424.

Established in June last year, they are the only remaining strongholds of the KNPP and ABSDF, he said.

Another ABSDF central committee member, Khin Maung Win, said Burmese forces are shelling the two camps with 80-mm mortars.

The Burmese government has raised 27 battalions for the onslaught against the KNPP rebels.

Casualties on both sides have been high. Five bodies of Burmese soldiers were found last Wednesday near the two camps, he said.

The ABSDF, with 1,500 armed men, has four battalions.

The first is stationed alongside Karen National Union rebels at Mae Sami camp across the border from Kanchanaburi; the second battalion with the 7th KNU Brigade lies across the border from Mae Sariang, the third battalion is west of Mae Sariang; and the fourth, the one which has now come under heavy attack, is also across the border from Mae Hong Son.

Thai Aid Offered to Burma for Program To Eradicate Heroin

BK0403130296 Bangkok THAN SETTHAKIT in Thai 2-5 Mar 96 p 16

[Unattributed Report]

[FBIS Translated Text] Upon his return from the 12th meeting of the Thai-Burmese Regional Border Committee recently held in Moulmein, Lieutenant General Thanom Watcharaphut, commander of the Third Army Region, told reporters that the results of the meeting were satisfactory. Officials discussed bilateral problems between the two countries. At the same time, the Thai side offered assistance to the Burmese Government to eradicate heroin in Burma, especially in the Shan State. The assistance will incorporate a royal-initiated crop substitution program to encourage opium planters to shift to other crops. The Thai Government is ready to send officials to work in Burma or the Burmese Government can send its personnel here for training.

The Third Army commander noted: "Thailand's offer to help eradicate heroin in Burma will not irritate the

United States because the latter is also trying to achieve that objective. On the contrary, the United States will probably welcome Thailand's offer and appreciate our efforts to wipe out the narcotic right at its root without using force. The proposed method is to encourage opium planters to shift to other cold-weather crops which can fetch more income than opium. This method is acceptable worldwide. The Thai side believes that the United States will have no objection to the scheme, and may even help."

Lieutenant General Thanom said that during his stay in Burma, he had the opportunity to call on General Maung Aye, deputy commander in chief of Defense Services and vice chairman of SLORC [State Law and Order Restoration Council]; Lieutenant General Khin Nyunt, first secretary of SLORC; Lieutenant General Tin U, army chief of staff; and Brigadier General Tin Htut, new commander of Burma's Eastern Military Command. Burmese leaders expressed their desire to meet with Supreme Commander General Wirot Saengsanit, Army Commander General Pramon Phalasin, and Deputy Army Commander General Chettha Thanacharo, and conveyed their invitations to the Thai military leaders to visit Burma and hold consultations on development of the Thai-Burmese border areas and control of ethnic groups living along the Thai border.

The meeting in Moulmien endorsed the minutes of the 11th meeting of the Thai-Burmese Regional Border Committee hosted by the Thai side on 27 April 1995. However, no agreement was reached during the 11th meeting of the committee because it was disrupted by an outbreak of fighting inside Burma along the border with Thailand's Tak province. The Burmese side acknowledged the intrusions into Thai territory by Burmese ethnic groups and agreed to work out preventive measures.

Thailand: 'No Letup' in Narcotics Trade After Khun Sa Surrender

**BK0503045696 Bangkok BANGKOK POST
in English 5 Mar 96 p 8**

[Unattributed report]

[FBIS Transcribed Text] Two months after the surrender of heroin warlord Khun Sa, anti-drug officials say they have seen no letup in narcotics production or smuggling from the Golden Triangle. The protection of Khun Sa by the Rangoon authorities also has increased the gap between Burma and other countries in the fight against drugs trafficking.

Last week, the new US list of nations with narcotics smuggling and money laundering left Burma on a

special black list of countries which allegedly are doing less than their best to cooperate.

Anti-narcotics sources in Thailand said they had seen no change in the amount of heroin coming out of the Golden Triangle.

"If this was a serious move, we would expect to see some disruption in the heroin trade at the very least," said one veteran officer. "But we haven't seen any changes at all. This thing (the surrender) hasn't made any difference we can see."

Khun Sa surrendered himself and his Mong Tai Army at a convivial ceremony featuring whisky toasts in Ho Mong on January 1.

Most of the details of the surrender remain vague. Press reports have indicated Khun Sa received a villa in Rangoon, and said he had at least one senior Burmese general on his payroll for several years.

Burma's ruling State Law and Order Restoration Council (SLORC) has made clear only that it made a deal with the warlord not to extradite him to the United States.

Washington has an outstanding warrant to arrest Khun Sa on trafficking charges. It has repeatedly warned Rangoon that failure to try or extradite Khun Sa "would be extremely serious".

US options are limited. It cut off aid to Burma after the SLORC put down a pro-democracy rebellion in 1988 by shooting into crowds. Rangoon has insisted it is dedicated to wiping out heroin trafficking, but opium crops, heroin production and drug smuggling all continue to increase from at least three major drug cartels in its section of the Golden Triangle.

Burma is the only country in the area on the US blacklist. Malaysia was added to the list of countries where drug smuggling and money laundering occurred, but has continually won praise — as has Thailand — for pressing the battle against traffickers.

Countries on the blacklist which now includes Colombia, become ineligible for US aid and trade benefits. But Burma has little trade with America, and Washington has little leverage with Rangoon apart from diplomacy.

The SLORC also has ignored or rejected as too expensive various suggestions from the United Nations and neighbours to eliminate opium crops.

An internal report by the Office of Narcotics Control Board (ONCB) criticised lack of attention by Rangoon to villagers in the Shan State.

"Because the Burmese government is not providing financing to raise living standards, the people will continue to rely on the proceeds of drug dealing," the report concluded.

Thai Prime Minister Insists Heart Condition 'Fine'

BK0403070096 Bangkok THE NATION in English
4 Mar 96 p A6

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha was at a driving range yesterday after a rumour began circulating that he might step down from his post because he is suffering from heart disease.

"I'm alright. I exercised this morning by working out in my house," he said from the driving range at the State Railway of Thailand Golf Club.

Banhān said earlier he would visit hospital for a course of intravenously administered glucose, but later denied it when pressed by reporters.

"I was just joking when I said that. But now I want to practice my swing," he said.

It was rumoured that Banhan was suffering from heart disease and would have to go to the United States for an operation.

His daughter, Kanchana, also dismissed the rumour, saying her father is in a good health.

"My father is doing well, although he works very hard, especially during ASEM [Asia-Europe Meeting] over the past few days," Kanchana said.

However, Kanchana did admit that the condition of his heart deteriorated in 1992 after the National Peace-keeping Council toppled the Chatchai government. He had bypass surgery the same year.

"He was under extreme pressure, but his condition improved after the operation. He doesn't have a heart problem now. Nevertheless, he must take good care of his health and try not to become too stressed," she said.

Kanchana said that although her father became very tired during ASEM, he was overwhelmed when His Majesty the King expressed his satisfaction with the success of the historic event.

"He immediately forgot about his fatigue after hearing what His Majesty had to say," she said.

Thai Editorial Urges Banhan To Form New Coalition

BK0503031896 Bangkok NAEON in Thai
4 Mar 96 p 3

[Editorial: "Better Start a New Game"]

[FBIS Translated Text] The recently-concluded ASEM, Asia-Europe Meeting, involving 25 nations was a success, to a certain extent, for the government. It has tremendously helped improve the images of Prime Minister Banhan Sinlapa-acha and some members of his cabinet in the eyes of the general public and helped to earn recognition from leaders of the 24 foreign countries participating in the summit. The improved image of the prime minister, however, can never eclipse the ugly faces of the other ministers.

The ugliness will continue to linger with the government as long as the prime minister does not take any action to dig out its root. Consequently, the prime minister and his government will inevitably face the opposition's no-confidence motion in the National Assembly. In preparing a censure motion, the opposition parties will try to gather all information necessary to expose the grotesque and repugnant behaviors of some ministers or of the entire government. Naturally, there will be negative effects on the image and reputation of the prime minister himself.

As in any no-confidence debate against the government, the opposition will paint a disgusting, evil, and dreadful picture of the government to stir up public sentiment against the government. It is almost impossible for the government to repaint a beautiful picture of itself over the big mess of colors, which have been splashed on the canvas by the opposition.

The impressive success of the Asia-Europe Meeting has convinced many people that Prime Minister Banhan Sinlapa-acha can be a good prime minister of Thailand, who is capable of bringing prosperity to the country. Unfortunately, the prime minister cannot do everything himself. He must work with his cabinet or council of ministers in the administration of the country. For this reason, the selfishness and corruption practiced by some members of the cabinet will definitely stain the prime minister's good image and reputation.

To create a positive image for the government, it is necessary to get rid of all repugnant elements. Many people feel that the prime minister has now commanded such strong political grandeur that he does not have to care for any faction within his ruling Chat Thai Party or other parties in the coalition. He should take this opportunity to "completely change" his cabinet so that he can select only the good guys from

anywhere, including the opposition parties, to form a new government under his leadership. It is believed that many opposition parties are willing to join his new administration, which will comprise only qualified ministers acceptable to the people.

We support and encourage the prime minister to change his cabinet. The "repulsive" and "arrogant" ministers must be weeded out because they and their supporters will only drag the prime minister and the country to the abyss of calamities. We want to see Prime Minister Banhan Sinlapa-acha gallantly stand on his own feet without support from those ugly ruffians.

Prime Minister Banhan Sinlapa-acha must deal a new game.

Thai Editorial Views Costs of Economic Growth

BK0303103196 Bangkok THE SUNDAY POST

in English 3 Mar 96 p

[Editorial: "Rapid Economic Growth Does Not Come Without Its Costs"]

[FBIS Transcribed Text] The just-concluded Asia-Europe meeting [ASEM] was aimed at achieving an agreement on free trade and tackling sensitive political and economic issues. It also provided a rare opportunity for government leaders of both regions to get together.

However, Thailand and other developing countries should realise that no growth comes without tears. Foreign investment can cause adverse economic, social, environmental and cultural effects if the ultimate aim is to make quick returns on investment.

Given the fact that many countries face difficulties in adjusting to the Uruguay Round agreements, developing countries have fewer resources left to take on new trade issues.

Prior to the Asia-Europe meeting, some 100 NGOs [Non-Government Organization] from EU and Asian countries met to express concern over economic growth without holistic consideration.

If not properly managed, economic growth can widen the income gap. The rich become richer, the poor poorer. As many developing countries try to encourage large scale investment, they provide fewer incentives for those who wish to invest in small-scale projects. Thailand can be an example; as the per capita income of Bangkokians shot up to 76,480 baht in 1995, people in the poor Northeast region had an average per capita income of 16,680 baht.

Small-scale Thai farmers have plunged deeper into debt. At the end of 1994, the accumulated debt of Thai farmers was 106,154 million baht, compared

with 83,292 million baht in 1993. While some of the problems are home-grown, international trade policy also plays a part.

For years, Thai farmers grew cassava for export, most of which went to the EU which needed it for animal feed. However in 1982, the EU reduced cassava imports, causing a glut in cassava output and lower prices in the world market. The Thai government tried to introduce new crops, but farmers were not prepared for such a change.

One recommendation arising from the NGO meeting was that Asian leaders should demand that the EU radically revise the Common Agricultural Policy (CAP) to end the heavy subsidisation of European agriculture that has encouraged the EU to dump agricultural products in developing countries, thus causing tremendous hardship for farmers and threatening food security.

Big-scale investment indirectly forces small-scale farmers and firms to surrender their business as they have no potential to compete in the world market.

In many Asian countries, people have had to leave their homes to find jobs in big cities where large scale businesses are located. Others leave their countries to find a greener pasture. Rich countries like Japan and Taiwan, for example, have attracted workers from poorer countries.

Another area of grave concern is safety in work places. In many cases, foreign investors come with new technology but proper safety measures are generally lacking, resulting in workers getting sick or injured at work. All this calls for tough government regulations to ensure workers' safety in work places.

Regarding natural resources, the NGO meeting stressed the need for greater protection against the tendency for rich countries to exploit resources in poorer countries.

This is the price to pay for development, as rich countries have learned from the industrial waste they have generated. Now many rich countries try to export their hazardous waste by moving production bases to poor countries.

NGOs urged ASEM participants to address some of the real problems arising as a result of the interface among investment, environment, human rights and labour rights.

Greater economic cooperation among EU and Asian countries is good, but steps must be taken to ensure that any treaty signed does not infringe the fundamental rights of any country to determine its own economic and social policies.

NGOs also proposed that a balanced discussion of the role of foreign investment, together with the rights and obligations of foreign investors, government and people, should be held in the form of equal treatment and every party should be able to take part in the process to determine their future.

Foreign investment may have a relevant and indeed significant role to contribute in the development process, but it must go hand in hand with sustainable development for the majority.

Thailand: BOT Governor on 'Tightrope' Over Monetary Steps

BK0403065996 Bangkok *THE NATION* in English
4 Mar 96 p E1

[Commentary by Watchara Charunsantikun: "Restrictive Policy"]

[FBIS Transcribed Text] The Bank of Thailand is watching the Thai economy closely for signs of transition. If the economy cools down in the months to come, Wichit Suphinit, the central bank governor, may not have to implement further restrictive monetary measures.

Unfortunately, the situation might not turn out to be that rosy. Inflation in January was 7.3 per cent, higher than the same period a year ago and it is expected to edge upwards again in February. Capital inflows in the past two months amounted to more than Bt120 billion, and credit extensions have so far failed to register any decline.

Although there appears to be the possibility that the country might have experienced a trade surplus for the first time in years last month, this has not lightened the atmosphere as this surplus figure is only a projected one.

In January, it is estimated that exports rose more than 20 per cent while imports increased at a much slower rate of 14 per cent due largely to inventories remaining in stock from imports in previous months.

The Bank of Thailand has not released economic figures for January yet. Normally, a press briefing is given on every last Thursday of the month.

An economist, who asked to remain anonymous, said that although the January trade figure should end up being in surplus, as has been projected, this does not mean the country's trade balance will improve.

It takes a few months for trade to remain in surplus so that a longer-term trend can be confirmed, the source said.

"The economy has experienced accelerated growth for a long time and this is not likely to slow down soon," the source said.

What will Governor Wichit do if the economy does not cool down as he expects? His option is to pursue stricter monetary policy but the obstacle preventing him going ahead with the harsher policy seems to be his own lack of credibility.

Wichit's clout was severely damaged when former Secretary-General Ekkamon Khiriwat was ousted from his position as deputy governor at the Bank of Thailand [BOT], where Wichit is governor, and then, in the view of the public, was unfairly forced to resign from the Securities and Exchange Commission.

Wichit's reputation was also tainted as he was alleged to have been instrumental in forcing Ekkamon from the central bank, with support from Finance Minister Surakiat Sathianthai, perhaps fearing that Ekkamon would one day replace him as governor.

Wichit's move, together with Surakiat's apparent willingness to accommodate the Cabinet by whatever means he can, have affected the credibility of both men.

While Surakiat's popularity as finance minister is anything but high, Wichit now faces stinging criticism from the financial markets every time the central bank decides on a major move.

This is a very unhealthy position for a central bank governor.

Lacking the credibility and public support to implement tough measures will certainly hamper the governor from carrying out his job efficiently.

It is important the central bank governor carries out his stated intentions. The immediate threat to the economy is the capital inflow situation, as too high a level can drive interest rates down and spur consumer spending.

If this happens, undesirable effects could soon be seen at the stock market.

What the central bank governor must do is distance himself from politics so that the Bank of Thailand can regain its image of impartiality.

Aside from using monetary policy to solve the problems, the central bank could intervene more in the financial markets to cool the economy.

So far, less than Bt20 billion has been used on intervention, with about Bt10 billion via the repurchase market and less than Bt10 billion on BOT.

Accordingly, the central bank is waiting for the Finance Ministry's go-ahead to issue another Bt20-billion worth of BOT bonds.

Vietnam

SRV Vice President Receives PRC Provincial Delegation

*BK0103090796 Hanoi VNA in English
0704 GMT 1 Mar 96*

[FBIS Transcribed Text] Hanoi VNA March 1 — Vice State President Nguyen Thi Binh received a delegation from Jiangsu Province here yesterday. The Chinese delegation is led by the deputy secretary of Jiangsu's party committee, Xu Zhonglin, and is on a working visit to its Vietnamese sister province of Dong Nai.

Mr Xu Zhonglin told Vice President Binh the results of the delegation's working sessions with Dong Nai Province, and briefed her on the socio-economic situation and construction and development orientation and construction and development orientation of Jiangsu to the year 2000.

Madame Binh highly appreciated the close and effective cooperation between Jiangsu and Dong Nai and expressed her belief that the two provinces would help each other in their development, thus contributing to further promotion of the close friendship and cooperation between the two countries.

Chinese Ambassador to Vietnam Li Jiazhong also attended the reception.

SRV Assembly Chairman Receives Thai Military Delegation

*BK2902103496 Hanoi VNA in English
0827 GMT 29 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 29—National Assembly Chairman Nong Duc Manh received here yesterday a delegation of the military council of the Thai lower house led by its chairman, General Sanan Sawetserani.

Mr. Manh expressed his pleasure at the fruitful development of the relations between the two countries and legislatures. He said "Vietnam and Thailand share a number of similarities, both countries being members of ASEAN and with the two legislatures, members of the Asian Inter-Parliamentary Union, which contributes to promoting mutual understanding and friendship and cooperation between the two countries, National Assemblies and people." Chairman Manh said he hoped that the exchange of visits by National Assembly councils from both sides will be increased in the near future, thus effectively contributing to the activities of the two

parliaments for their mutual benefit and in the interest of peace and stability in the region and the world as a whole.

On behalf of the Thai guests, General Sanan Sawetserani expressed his thanks to Mr. Manh for receiving his delegation and said that he shared the same view as his host on the boosting of ties between the two national assemblies in the future.

SRV: Economic Contracts Signed With Belgium

*BR2902155096 Groot-Bijgaarden DE STANDAARD
in Dutch 29 Feb 96 p 19*

[Article by Dirk Achten: "Dehaene Unblocks Contracts in Vietnam"]

[FBIS Translated Text] The mere presence of Belgian Prime Minister Jean-Luc Dehaene in the Vietnamese capital was apparently enough to get things moving on a number of interesting economic contracts. Dehaene raised these contracts in talks with the Vietnamese president and prime minister. Shortly afterwards it was announced that a number of them had now been finalized. This is not so much a testimony to the extraordinary diplomatic skills of the Belgian prime minister as to the importance the Vietnamese Government attaches to a visit at this level.

This was already clear when Dehaene, ceremoniously escorted by mounted police, entered Hanoi to a welcome in Dutch and Vietnamese written on a classic communist panel in deep red and bright yellow letters. The prime minister did not see much of the country. While he was talking with senior officials, it was only his wife Celie who managed to get out and about a little.

One of these long outstanding contracts which is now to be signed is for the Ghent engineering firm, Haecon, which specializes in port constructions. This is worth 25 million Belgian francs [BFr] and is intended to make the estuary of the Bassac River in south Vietnam more accessible. The second, worth BFr1.3 billion, is for the construction of eight fish processing factories by the Flemish Isocap company.

There is also the very ambitious plan by Ipm, a company promoted by the former principal private secretary of Johan Sauwens, Filip Martens, which can now sign a framework agreement for the construction of a port just outside the northern seaport of Haiphong. This is an exceptionally large project which, when fully implemented, will be worth about BFr20 billion. Together with the associated industrial park, this should ultimately provide work for more than 70,000 people.

At the first day's press conference, Dehaene spoke briefly about next year's summit of French-speaking

countries in Hanoi. This is not the obvious location as French has been almost entirely replaced by English in Vietnam. It produced a request for Belgian aid for the summit. Dehaene replied that Belgium would probably officially attend the meeting but explained that Belgium has recently become a federal country and, as a result, it is the French-speaking Community which is involved and provides most help in preparing such conferences.

The prime minister was more forthcoming regarding the Europe-Asia summit (ASEM) which opens in Bangkok on Friday [1 March]. He stressed that it is in itself an important signal that the government leaders of the European Union and Asian countries are meeting. Dehaene does not believe that questions such as human rights and social protection for workers should be the subject of an aggressive approach, but should be part of a positive development toward a balanced and lasting economic development.

Dehaene described the ASEM conference as the beginning of a new partnership between Europe and Asia which must be a counterbalance to the already solid relations between the United States and Asia.

SRV: Belgian Prime Minister, Delegation Depart

BK2902141896 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 29 Feb 96

[FBIS Translated Text] An official ceremony was held at the Government Guest House in Hanoi today to bid farewell to Belgian Prime Minister Jean-Luc Dehaene, his wife, and other distinguished Belgian guests at the conclusion of their two-day official friendship visit to Vietnam.

Attending the farewell ceremony on the Vietnamese side were Deputy Prime Minister Tran Duc Luong and many ministers, deputy ministers, and other high-ranking Vietnamese Government officials.

SRV NA Delegates Meet With Netherlands Delegates

BK0103162096 Hanoi VNA in English 1528 GMT 1 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 1 — A delegation from the Vietnamese National Assembly's [NA] economy and budget commission led by its head, Mr. Ly Tai Luan, held talks here today with a visiting delegation from the economic commission of the Netherlands' second chamber led by Mr. Hendrik Vos.

Present at the talks were senior officials of the NA's economy and budget commission and the external relations department of the NA's office.

The Vietnamese side spoke of the economic development situation in recent years of renovation, stressing the inflation control and the stabilisation of people's life, the promulgation of legal documents to serve economic development, such as the laws on business, corporations, navigation, air service, labour, tax, etc.

They also exchanged views on agriculture and farmers' life in Vietnam, assistance to the poor and expert exchanges as well as granting scholarships to the Netherlands for Vietnamese students.

The two sides agreed upon further exchange of delegations with an aim to boost the relations between the two commissions as well as the two legislative bodies.

SRV: Nong Duc Manh Meets Netherlands Parliamentarians

BK0203145096 Hanoi VNA in English 1432 GMT 2 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 2. — National Assembly Chairman Nong Duc Manh received here this afternoon a visiting delegation of the economic commission of the Netherlands' second chamber led by its head Mr. Henk Vos.

Chairman Nong Duc Manh welcomed the delegation and noted that the friendly and cooperative relationship between Vietnam and the Netherlands has seen fine development in recent years. On behalf of the Vietnamese National Assembly and people, Chairman Manh expressed his thanks to the legislatures, government and people of the Netherlands for their support, precious and effective assistance to the Vietnamese people's struggle for national independence and construction. He also expressed his wish that the relationship between the two countries would be unceasingly developed and his belief in the fruitful cooperative ties between the two legislatures in the coming period.

Mr. Henk Vos expressed his admiration at Vietnam's achievements in the process of renovation, wished Vietnam to obtain more achievements and expressed his wish for closer and further fine development of the relations between the Netherlands and Vietnam.

SRV Trade Ministry Conference Views Regional Issues

BK2902105796 Hanoi VNA in English 0844 GMT 29 Feb 96

[FBIS Transcribed Text] Hanoi VNA Feb. 29—The Trade Ministry held a conference on Feb. 28 and 29 to brief its staff on the Asia-Pacific regional market, the ASEAN Free Trade Area (AFTA) and the formation of regulations for coordination between the Department

for Multilateral Trade Policy and Vietnam's commercial representative agencies in Asia-Pacific countries.

Prominent attendees at the conference included Trade Minister Le Van Triet, deputy ministers and leading officials of departments, institutes and commercial agencies under the ministry.

At the conference, various papers were presented on the Asia-Pacific market, AFTA, and the Asia-Pacific Economic Cooperation Forum (APEC). Discussions focused on issues relating to Vietnam's joining of the Common Effective Preferential Tariff (CEPT) scheme, implementing the four AFTA principles of avoiding bad influences on budget sources, properly supporting domestic production, creating conditions for technological transfer, and renovating technology for domestic production and integration into ASEAN countries with a view to expanding outlets and attracting more foreign investment.

Cooperation between Vietnam and ASEAN countries in the fields of customs, agriculture and food production industry, minerals, energy and investment were also dealt with at the conference.

Trade Minister Le Van Triet presented the commercial sector's orientation of activities which includes 12 points for 1996. The boosting of imports and exports, Resolution No. 12 of the political bureau on trade and socialist market development, building trade laws, and implementing administration reforms in the sector were also stressed.

SRV Poppy Cultivation Continues Despite Government Efforts

962E0015A *Hanoi LAO DONG* in Vietnamese
28 Dec 95 p 3

[Article by Nguyen Tuan: "Narcotic Drugs: The Community's Anguish"]

[FBIS Translated Text]

From the Opium Areas

The Forum on Reduction of Narcotic Drug Demand in Southeast Asia and the Pacific was held in Hanoi from 11 to 15 December 1995 with the participation of 25 nations and 14 international and regional organizations. At the Forum, the United Nations Drug Control Program (UNDCP) said that, at present, the six countries of Cambodia, China, Laos, Burma, Thailand, and Vietnam are the international opium production and trading centers involving a huge amount of drugs estimated at 2,200 tons per year. According to UNDCP, in the 1994-1995 harvest, Thailand produced approximately 17 tons

of opium; Burma, slightly over 2,000 tons; Laos, around 120 tons; and Vietnam, roughly 13 tons.

From 1945 to 1975, the Vietnamese Government had made an all-out effort to eliminate the opium poppy. At present, despite the ban on poppy cultivation, the ethnic minorities in some northern mountain regions have continued to grow this crop. Under the National Drug Prevention and Control Program (CTQG-06/CP), the opium poppy may be cultivated exclusively in the Northwest, Former Zone 4, and Viet Bac (Northernmost Vietnam) Region. The ethnic minority group that grows the most opium poppy is the Hmong, who account for 75 percent of the cultivated area, with the Kho-mu, Thai, and Dao claiming only about 5 percent, and the rest planted by the Tay, Nung, ethnic Vietnamese, Muong, and Hoa.

It is worth mentioning that all the poppy-growing areas are also the poorest areas. In some of these localities, 80 percent of the population have at times suffered from hunger for several months a year. Many households even lack blankets and mosquito nets. According to the National Drug Prevention and Control Program, these areas have a very high incidence of disease; in many places, only 5 percent of the population are literate.

To the Narcotic Drug Road

From 1987 to 1994, up to 4,525 cases of illegal drug transactions had led to arrests. Since 1994 in particular, about 3,000 cases have resulted in detention and seizure of about 5,000 kg of opium, morphine, heroine, cocaine, and marijuana.

According to surveys conducted in 1993, the price of opium in Nghe An was 500,000 dong (\$45) per kilogram. In the provinces around Hanoi and adjacent to China, the price was higher: in Hoa Binh, it was 1 million dong per kilogram, and in Ha Giang, 1.4 million dong. In many cities, opium sold for over 2 million dong per kilogram. At present, in the 1995 harvest, the price of 1 kg of opium "purchased at its original source" has gone up to 4.5-5 million dong (\$455). According to a document of the National Drug Prevention and Control Program, *Opium is processed in each family in tribal villages (at present, no smuggling gangs and groups have set out to organize the planting and harvesting of opium poppy). After that, except for the portion retained for use as medicine or for personal consumption, the opium is put on sale in the villages or on the markets. Traders from the cities normally come to these villages in small groups to buy opium in 2-3 kg packages (a number of such groups have been arrested). Smugglers then can sell directly to consumers or to "opium den owners" or "operators" in the cities.*

The Community's Anguish

According to reports from various provinces, there are approximately 185,000 drug addicts in Vietnam at present (accounting for 0.3 percent of the population), including about 50,000 who require injections of various opium mixtures. In some northern mountain regions, the percentage of opium addicts has reached 2 percent-5 percent of the local population. According to the Ministry of Labor, War Invalids, and Social Welfare, at present in the entire country there are about 3,000 opium den operators serving the army of drug addicts. In 1991, a study by Hanoi University classified the characteristics of drug addicts in Hanoi. The result showed that 93 percent of the addicts were male; 80 percent were young; 50 percent were members of well-to-do families; 36 percent were jobless; and 15 percent were transportation workers. The majority of these people were incurable addicts who had used narcotics for more than six years. Drugs are currently a thorny community problem. All the major urban centers in Vietnam understand this problem all too well. In Ho Chi Minh City, there are approximately 30,000-50,000 addicts. Hanoi, Haiphong, Nhatrang, Danang, Quang Ninh, Ninh Binh, Nam Ha... are all "hot spots" where the scourge of drug addiction is thriving. As the cost of drug injection is fairly high, a chronic addict may have to pay hundreds of thousands of dollars a day for narcotics. The situation is most serious in Ho Chi Minh City. In the provinces, addicts normally use drugs at home, rarely in public. According to a 1993 survey, there was an estimated 27,000 addicts in the nine northern mountain provinces then; now, the total is put at 90,000. In Yen Bai, up to 6 percent of the population (30,000 people) are drug addicts, two-thirds of them under 30 years old and about 6,000 of them incurable. There are also some addicts under 10 years of age.

In Hanoi and Ho Chi Minh City, most addicts use a dilution of dregs from opium pipes for intravenous injection, but there is also a fairly large number of them using modern medicines such as dolargan, diazepam, phenobarbital.... Heroin is very rare, but seizures of this narcotic have shown that its use has begun to spread. A joint study conducted recently by UNDCP, CARE International, the National Drug Prevention and Control Program, and the National Committee for AIDS Prevention and Control has shown that 88 percent of the respondents bought drugs from opium dens and the remainder purchased from street vendors. Major opium dens selling quality drugs normally cater to no less than 100 customers a day, with den operators usually taking care of everything, including administering injections. Since den operators want to keep tabs on the volume of drugs sold and fear being caught red-handed plying

their trade, their customers are seldom allowed to bring their own injection needles. Because of the collective use of needles, the HIV infection rate of 0.3 percent of the population in the community is particularly high, accounting for 80 percent of the HIV/AIDS patients in Vietnam at present.

Under the Master Plan for Drug Prevention and Control approved by the prime minister of the government on 4 November 1995, the program of action for the 1996-2000 period of the National Program for Drug Prevention and Control will be provided with 159.1 billion dong (equivalent to \$14.5 million) in addition to \$16 million in foreign aid. The main areas of activity of this program of action are *management, elaboration of rules and regulations, and reduction of supply and demand*. The fight against narcotic drugs is just beginning.

SRV: Mass Corruption Trial Reported

962E0013A *Hanoi LAO DONG* in Vietnamese
7 Jan 96 pp 1, 7

[Article by Tran Quang: "The Trial of the Corruption Case at the Ba Ria - Vung Tau Customs Department: An Unconvincing Sentence"]

[FBIS Translated Text] After four days of trying the case of mass corruption at the Ba Ria - Vung Tau Provincial Customs Department (from 26 to 30 December 1995), on 30 December the first-instance adjudicative panel of the provincial court sentenced Le Doan Sinh (former chief of the Merchandise Control Unit of the Ba Ria - Vung Tau Customs Department) to 15 years' imprisonment; Le Minh Nghia (former deputy chief of the General Operations Office of the Ba Ria - Vung Tau Customs Department) to 13 years' imprisonment; Nguyen Van Tai and Pham Xuan Truong (personnel of the General Operations Office) to 10 years' imprisonment; and Nguyen Van Dung (cashier) to nine years' imprisonment. All the remainder accused received from three- to five-year jail terms for taking and giving bribes.

On 4 January 1994, the Ba Ria - Vung Tau Provincial Security and Investigation Agency agreed to solve a dispute over Economic Contract No. 117/TMS-IM between the Michel Tatsuzawa Trading Company (abbreviated to IM), represented by Mr. Cuu, a Vietnamese residing in Australia, and the Thamatsuco Company (an enterprise subordinate to the Ba Ria - Vung Tau Provincial Industrial Service). In the course of studying the dispute, the security and investigation agency discovered a bribe-taking racket operating to bring contraband into Vietnamese ports. On 25 May 1994, the Security and Investigation Agency initiated proceedings against

those involved in the "bribe-taking" case at the Vung Tau Customs Department and, at the same time, took into custody several cadres of the department. Results of investigations affirmed that during 1993 and in early 1994, the General Operations Office of the Ba Ria - Vung Tau Customs Department had processed the legal formalities for more than 4,000 consignments of exports and imports. Abusing their authority, degraded customs officers of the office had harassed and caused trouble to customers in order to exact bribes from them.

According to Le Minh Nghia's and Le Doan Sinh's testimonies, prior to 1993, bribe-taking was only an individual practice. In early 1993, Nghia and Sinh agreed to pool the corrupt money so that it could be shared with others. Specifically, they would put any bribes exceeding 500,000 dong into a "bribe fund" but would be allowed to "pocket" those of lesser amounts. All members of the bribe-taking group were notified of that policy, and Nguyen Van Dung was appointed cashier and put in charge of making a name list for money-sharing purposes. On the average, the bribe fund took in about \$20,000 and more than 20 million dong monthly. Among the regular bribe-giving clients were the Vung Tau Vimexco Company, the Con Dao Economic Development Company (abbreviated to EDC), the Sinhanco Company.... From February 1993 to May 1994 alone, the amount of corrupt money shared among members of the group totaled up to \$252,700 and 690.5 million dong, plus an amount of big-ticket household items. Specifically, Tran Minh Thuan had received \$9,800 and 20 million dong; the 11 remaining accused (Pham Van Nhan, Nguyen Van Dung, Nguyen Van Tai, Le Minh Nghia, Le Doan Sinh, Nguyen Viet Hung, Luong Van Huan, Khuc Dinh Anh, Nguyen Duc Thong, Tran Huu Luong, and Nguyen Thanh Hai) had been given \$14,700 and 39.5 million dong each; Pham Xuan Truong and Nguyen Ngoc Thanh had got \$13,200 and 32.5 million dong each; Ha Van Ngoc had accepted \$13,200 and 37.5 million dong; Doan Van Duong had received \$7,900 and 31 million dong.... In addition, a number of other customs officers had been offered money on the occasion of various holidays and anniversaries, but the investigation agency deemed that their offenses were not serious enough to warrant bringing criminal charges against them. The investigation agency has recovered 2,106 million dong and \$37,000 of the total corrupt money received by the accused.

The mass bribe-taking case at the Ba Ria - Vung Tau Customs Department has been determined to be particularly serious. Smugglers and bribe-takers had closely colluded with one another for a long period of time, seriously affecting the national economy and undermining

the government's antismuggling efforts. But the suspended sentence of three years' imprisonment meted out to defendant Tran Minh Thuan (former deputy director of the Ba Ria - Vung Tau Customs Department) by the court of first instance for his act of taking bribes of \$9,800 and 20 million dong is abnormal. It would be an oversight not to mention the role of Mr. Pham Van Vy (former director of the Ba Ria - Vung Tau Customs Department). The investigation agency contended that, as Mr. Vy was also involved in the loss of tax money in 1992, he should be investigated separately and dealt with later.... In his capacity as director of the provincial customs department, the main agency in charge of suppressing smuggling in the import-export sector, Mr. Pham Van Vy had allowed corruption, collusion, and smuggling to run riot, affecting all operations of the customs service. Public opinion hopes that these "abnormalities" will continue to be considered by the responsible agencies.

SRV Control Sector Reviews Work, Sets New Tasks
962E0017A *Hanoi NHAN DAN* in Vietnamese
18 Jan 96 pp 1, 3

[Article by The Lan]

[FBIS Translated Text] During the three days 16-18 January, the people's control sector held a conference in Hanoi to review control work in 1995 and to discuss and determine guidelines and tasks for 1996. Those attending the meeting included Le Kha Phieu, a member of the Politburo and secretary of the CPV Central Committee, and the leaders of many sectors in internal affairs at the central echelon.

In 1995, the control sector made a great effort to carry out the tasks, and the quality and effectiveness of the control work improved.

The control elements all had good quality and achieved all-round results and actively contributed to supporting the key tasks of the party and state. Investigations to monitor compliance with the laws discovered many violations in promulgating economic management documents, particularly in managing and using arable land. These were reported to the Standing Committee of the National Assembly so that measures could be implemented to correct this promptly. The Standing Committee of the National Assembly and the government gave this high marks. The control sector made inspections and struggled to prevent and fight criminal activities. Efforts were concentrated on prosecuting many important cases, cases of corruption and smuggling, serious cases involving public order and security, and in particular cases concerning social evils. The various control

elements, including investigation, prosecution, enforcement, and education and reform, made greater progress than before. Good results were achieved in handling the complaints filed by citizens. The various-echelon organs of control coordinated things closely with the echelons and sectors in order to improve work results.

However, as compared with the requirements, the work of the entire sector in 1995 still exhibited a number of shortcomings. There were many limitations in building the sector, and there was a shortage of procurators at the various echelons and they did not have the strength to satisfy the requirements of all the tasks. In 1995, the various-echelon organs of control disciplined 82 of the 119 cadres who had committed disciplinary violations. Of these, eight were given suspensions, eight were dismissed, two were reduced in rank, 44 were given warnings, 20 were censured, and five were charged with a criminal offense.

On behalf of the Secretariat of the CPV Central Committee, Le Kha Phieu addressed the meeting. He praised the efforts made by the control sector and the achievements scored during the past year and affirmed that in 1995, the various-echelon people's organs of control and military organs of control had submitted protests and reports to various-echelon party leaders and motions to the government. The National Assembly and government were interested in and gave high marks to many of the motions and protests. The organizations concerned acted on these and implemented measures to overcome violations of the law. He said that "the successes scored by and the advances made by the control sector are very welcome and worthy of our praise. But there are still weaknesses that need to be addressed. From monitoring the investigation and prosecution of a number of cases, it is clear that there are still many things that need to be given attention, such as applying the law and ensuring fairness. Some people have been treated unfairly while criminals have managed to stand above the law. Some cases have been brought to trial but then dismissed. Investigation and control activities have exposed various weaknesses and even a lack of responsibility. Many cases have dragged on and on, vi-

olating the stipulations of the law in legal proceedings. There have been improper delays, and people have been temporarily imprisoned for extended periods. Inappropriate use has been made of the arrest measures. There have been manifestations of abuse of power, but these have not been dealt with resolutely or promptly. People have covered for each other, and there has been a lack of struggle against others in order to overcome violations within prosecution activities. Coordination between the sectors concerned is still loose. Relations between the party committee echelons and local authorities in controlling, appointing, dismissing, and disciplining cadres in the sector are still very complex and there are still conflicts. This is a loophole that has given rise to negative manifestations and allowed people of poor quality to slip through without being prosecuted. I agree with the report by the chief procurator, who pointed out the weaknesses and said that the sector must take steps to make improvements if it is to satisfy the requirements. What does this entail? Perhaps it is because the knowledge, intelligence, professional capabilities, and qualities of those who work in the control sector are not in line with the position and functions of one of the key sectors responsible for defending our laws. A few of the procurators or people who head control organizations in the zones and localities have poor quality and lack capabilities. Also, their moral quality has declined. Isn't this causing concern among the people, and isn't this affecting the prestige of the sector? This is clearly having an effect."

Le Kha Phieu mentioned the requirements for the control sector in the coming period to enable it to grow and fulfill the responsibilities entrusted to it by the people. The delegates discussed things and decided that the control sector's tasks in 1996 are to support economic and social development, practice frugality, fight corruption and smuggling, support solidifying and protecting security and national defense, support maintaining public security and social order, support defending the legitimate rights and interests of citizens, and make the control sector truly pure and strong.

Australia

Australia: 'Key Focus' of WTO Conference Viewed

BK0503131396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 21 Feb 96 p 19

[Report by Alan Oxley]

[FBIS Transcribed Text] Last week, there was an ominous development in Europe. The European Union adopted a strategy to support amending the General Agreement on Tariffs and Trade to allow trade to be restricted on environmental grounds. They want this settled at the end of the year at a major meeting of the World Trade Organisation to be held in Singapore.

The GATT has been out of the news lately, but it is about to get a guernsey in the election campaign. A WTO conference starts in Brisbane today. It will be addressed by the Prime Minister, Paul Keating, and the Trade Minister, Bob McMullan. Renato Ruggiero, the director-general of the WTO, will be present, along with about 20 of the world's leading GATT academics. A key focus will be the "new agenda" for international trade. The term is shorthand for sorting out a post-Uruguay Round agenda.

It is conventionally written that the new agenda is dominated by three issues — the environment, labour rights and competition policy. The trouble is that these are not the most important issues for the WTO. But, then, this would not be the first time that what is fashionable is not what really matters. One issue that really matters is the need to get sufficient resources for the WTO to do its job.

The second issue is the need to address the unfinished business of the Uruguay Round, such as ensuring the new free market for services properly covers the two most dynamic areas of world trade in services — telecommunications and financial services.

Also there has been a proliferation of regional trade agreements, which threatens the WTO's global pre-eminence.

None of these issues are on the "new agenda" being promoted in some quarters. This, instead, has been shaped more by politics than by need. Environmental movements and labour groups have been lobbying to get protection of the environment and labour rights included in the GATT for at least five years.

They have failed so far, mainly because of the developing countries which regard such strategies as vehicles through which industrialised countries will restrict trade with them. The recent actions by the EU deepen these suspicions. Last week, THE FINANCIAL TIMES re-

ported that the EU was also ready to push in Singapore the issue of inclusion of minimum labour standards as a condition in trade agreements.

Western environmentalists believe that the GATT is anti-environmental and that any environmental agreement worth its salt should have trade provisions. Any economist will tell you that threatening to restrict trade is a lousy way to protect the environment. Furthermore, the GATT already allows countries to restrict imports to protect national environmental assets.

There is also a new and ugly orthodoxy being propounded that coercion is an acceptable principle in international trade law. A handful of key environmental agreements contain coercive trade provisions. They oblige their members to restrict trade with countries that are not members of the agreements. They are like multilateral versions of section 301 of the U.S. Trade Act, which gives the administration the right to take unilateral trade action against other countries.

There is no reason in this. Environmental groups have pegged their political colours to the issue. They want the GATT greened, whether it needs it or not. The EU has responded to this pressure. The upside of the EU position is that it wants tight guidelines to govern future use of trade provisions in environmental agreements. Guidelines are needed, but it is not necessary to amend the GATT. This has now become the WTO's fourth problem.

The timing of the EU's actions will link the environment and labour standards. It has confirmed the fear of developing countries that any move to amend the GATT opens Pandora's box. Once amendments are made for one, the case exists to make amendments for the other.

The GATT has played a critical role in building global prosperity. While international organisations were politicised, and many ruined, by the international political movements of the '60s, the GATT stuck doggedly to its brief. Its capacity to continue to play a central role still depends on rejecting the blandishments of those who want to make it a political plaything.

Australia: Statistics Bureau Reports Foreign Debt Increase

BK0103060496 Melbourne Radio Australia in English 0500 GMT 1 Mar 96

[FBIS Transcribed Text] The size of Australia's net foreign debt has increased. Figures released by the Australian Bureau of Statistics show Australia's net foreign debt has blown out to 140.6 billion [Australian] dollars. It's 4.1 billion [Australian] dollars or 3 percent higher than the revised figure for the previous quarter

and at the top end of financial market expectation. The public sector share of the debt fell by 3 percent to 38 percent.

In other key economic figures released today, retail sales increased by 1 percent, seasonally adjusted from December to January to bring the annual growth in retail turnover to 9 percent.

Australia: Coalition's Economic Policies Previewed

BK0403055196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 4 Mar 96

[Report by "THE AUSTRALIAN FINANCIAL REVIEW's special writers"; individual writers are indicated after each subheading: "Doing Business Under Howard" — received via Internet; all currency figures in Australian dollars]

[FBIS Transcribed Text]

Economics — by Stephen Ellis

The Coalition's fiscal policies are one of the most clearly defined parts of its manifesto — but its tough commitments are all hedged with one important caveat.

The Coalition has promised to "rebuild public savings and reduce Commonwealth debt", and to achieve a Budget surplus in the coming 1996-97 financial year excluding the effects of asset sales and State debt repayments.

But it has persistently made the point that its plans and promises are predicated on the existing forward Budget estimates.

These show the Budget in underlying balance in 1996-97, but most observers believe the position has deteriorated considerably since these estimates were prepared — giving the Coalition a let-out clause.

Even so, the Coalition has also pledged to "do better" than Labor on fiscal policy.

It will aim to do this by running a Budget which is in surplus, on average, once the fluctuations in revenue and outlays caused by the ups and downs of the economic cycle are factored out.

The Coalition says this commitment to a structural surplus over the cycle "will take time", however, and during the election campaign the shadow Treasurer, Mr Peter Costello, indicated he did not believe there was much prospect of its being achievable in the near future.

The Coalition has given an explicit commitment not to increase taxes or introduce new taxes — making cuts in the outlays side of the Budget the only way for it to meet its promises.

Other key promises on the macro-economic front include the appointment of an audit commission, to report within 90 days on the preparation of more transparent and complete Budget documents and to set performance targets for the bureaucracy.

This commission will also help draft the "Charter of Budget Honesty", which will include a New Zealand-style statement of the fiscal outlook by Treasury ahead of elections — helping preclude pre-poll auctions like the one which took place in the recent campaign.

The Coalition has also signalled a move to accrual accounting in the Commonwealth's own books.

Elsewhere, the Coalition has endorsed the Reserve Bank of Australia's target for average underlying inflation of between 2 and 3 per cent. It has also pledged to retain the current charter and framework for the Reserve.

The central bank would be asked to release more information more regularly, however.

Industrial Relations — by Katharine Murphy

Promising to maintain the safety net while introducing substantial labour-market reform has given the Coalition a "stunning" mandate for industrial relations reform, according to the likely Minister for Industrial Relations, Mr Peter Reith.

On Channel Nine's Sunday program yesterday, Mr Reith said the "nub" of reform was allowing people to "have direct negotiations and tailor their terms of employment to really boost the performance of the business".

He said the new Government's key change would be introducing individual contracts. Another would be the scrapping of unfair-dismissal legislation to address claims by business that the law was a disincentive to employment. Mr Reith said the law would be replaced by a scheme "which is fair to both employee and employer, recognising the circumstances facing small business and in accord with Australia's international obligations".

Also greeted warmly by business is the promise to attack the central role given to trade unions under Labor. Promising an end to the Accord and guaranteed freedom of association, Mr Reith reaffirmed a priority "would be to set up a new system for the non-union sector".

"We're obviously going to reintroduce sections 45D and E of the Trade Practices Act so we've got effective secondary boycott provisions," he said. "We are very keen to give people real choice about whether they are in a union or not in a union," he said.

Foreign Affairs — by Geoffrey Barker

The Howard Government's foreign policy will not be substantially different from Labor policy, although there will be differences in style and emphasis as Mr Alexander Downer takes over as Foreign Minister.

The Coalition has accepted that Australia's relations with Asia have to be the main foreign policy priority. The Coalition broadly supports Labor's economic initiatives through the APEC (Asia-Pacific Economic Cooperation) process and its security initiatives through the ASEAN Regional Forum (ARF) and the bilateral treaty with Indonesia. But it says it will strengthen traditional close relationships with the US and Europe — relationships which Gareth Evans has argued have in no way been diminished by Labor.

The Coalition plans to introduce more rigorous parliamentary and public scrutiny of international treaties before they are signed, and to reduce elements of foreign aid. Mr Downer will broadly follow Mr Evans's policy of generally soft-pedalling public rhetoric over human rights abuses in important and neighbouring countries.

Perhaps the main early indications of changes in policy approaches will emerge when the Coalition replaces Mr Michael Costello as secretary of the Department of Foreign Affairs and Trade, and when it replaces former Labor figures now in diplomatic posts. Some senior Liberals have speculated about whether the Howard Government will offer a top diplomatic post to Mr Andrew Peacock, who was foreign affairs minister in the Fraser Government.

Industry — by David Shires

The Howard Government's first task will be to review the large number of industry assistance programs that flourished under Labor as it sought to establish its credentials with the business community.

The Coalition will be looking at where Labor's programs are duplicative and how effective they are.

Business groups like the Australian Chamber of Commerce and Industry and the Metal Trades Industry Association expect a review of plans to abolish export programs such as the Development Import Finance Facility and the Asia Infrastructure Consortium Program.

They also want less drastic cuts to the Tariff Concession Scheme than foreshadowed by both parties, but they accept that there has to be a trade-off.

That may come in the form of a close review of cash for development programs like R&D tax concessions and export market development grants. These, and others, have shown an increasing propensity to clog the

Administrative Appeals Tribunal as interpreting their guidelines has become an industry in its own right.

The Coalition will maintain AusIndustry as the lead agency for enterprise development programs, but "re-structured to ensure that assistance provided addresses areas of market failure, results in net social benefits and contributes to the upgrading of competitive advantage".

Because of the spread of such programs across portfolios, rationalisation proved too hard for Labor — despite two attempts through the Budget processes — in the face of entrenched bureaucratic interests.

Now it is the Coalition's turn.

Communications — by Steve Lewis

One of the key tests for the incoming Government will be its handling of the politically sensitive cross-media rules, which will now be reviewed and possibly revamped.

Senator Richard Alston, who is expected to become Minister for Communications, has flagged possible changes to the present rules, based on a UK model which allocates different weightings to print, broadcasting and other forms of media.

In Opposition, the Liberal and National parties made great mileage out of Labor's treatment of the cross-media rules, describing last year's changes to the Broadcasting Services Act as the "Get Packer" amendments.

Any changes to the rules that allowed media magnates Mr Rupert Murdoch and Mr Kerry Packer to increase their level of ownership would be extremely controversial.

Another key challenge for the incoming Government will be the process of continuing reform in Australia's telecommunications industry. Senator Alston has embraced the thrust of Labor's post- 1997 telecommunications reforms, which will allow for an unlimited number of new entrants.

But there are clear signs the Coalition will be more interventionist than Labor in several areas. For instance, it has pledged to pursue the rollout of high-capacity digital links, known as ISDN, to rural and remote areas of Australia.

Banking — by Joanne Gray

The Treasurer-elect, Mr Peter Costello, has outlined several policies which could have a substantial impact on the financial system.

The primary task of the so-called Daughter of Campbell inquiry into the financial system will be to assess the

need to streamline regulation of the sector, to take account of the blurring of distinctions between banks, super funds, insurers and other financial institutions.

The Reserve Bank's role as prudential supervisor of the banking system could be enlarged, Mr Costello has said, to create a super-regulator which would monitor prudential standards across the whole financial system, not just that of banks.

The inquiry could look at whether the prudential function of the Reserve Bank should be separated from its role as implementor of monetary policy. Another industry watchdog would have responsibility for consumer protection across the finance industry.

Under the current regulatory framework, a merger between the four major banks would not encourage competition, Mr Costello has said. If the inquiry allowed a broader definition of the market to include insurance companies and super funds, the regulatory boundaries could be shifted, which may make it easier for industry mergers. Any mergers would still have to be cleared by the Australian Competition and Consumer Commission.

Consultation with industry is expected before retirement savings policy detail is set.

Aviation — by Ian Thomas

The Howard Government is set to move quickly on its headlining election promise to revamp flight operations at Sydney Airport, ahead of any of the other planned initiatives on the aviation agenda.

While the Coalition is committed to handing over the thorny issue of reopening the east-west runway at Sydney to AirServices Australia within 10 days, the timetable for taking up the rest of its proposals remains unclear.

Looking at plans to alter the runway operation and abandon the narrow flight corridor introduced by the Labor Government have been given priority, reflecting their importance in Mr Howard's election campaign.

But other issues, such as the resumption of talks with the New Zealand Government on the formation of a single aviation market across the Tasman, are likely to be tackled further down the road. The new Government intends to consult widely on the implications of taking up where the Keating Government left off when it scuppered the final leg of the market proposals in October, 1994.

Air New Zealand [Air NZ], which has been denied the rights to fly on Australian domestic routes, yesterday indicated that it would attempt to liaise with the

new government and assume an active role in any negotiations.

However, Air NZ reiterated that it intends to persevere with its proposed buy-out of TNT Ltd's 50 per cent stake in Ansett as an alternative avenue to securing back-door access to the interstate market.

Superannuation — by Nina Field

The incoming Coalition Government brings with it some small but significant changes to the superannuation system.

While the new Government plans to retain the basic elements of Labor's Superannuation Guarantee, it offers initiatives designed to make the system more user friendly, and some would argue less robust.

The Coalition will allow people earning \$450 to \$900 a month to opt out of compulsory superannuation and take the money as wages. But employees who do opt out will not be eligible for government contributions.

Superannuation industry funds claim this will cost low-income workers over the longer term, with one study putting the cost for a 19-year-old worker on \$9,600 a year at \$119,300 by the time he retires aged 60.

The Coalition also plans to allow bank Retirement Savings Accounts (RSAs) as an alternative to superannuation funds for small superannuation amounts. They will qualify for the 15 per cent flat tax rate.

Awards and workplace agreements will have to provide a choice of up to five superannuation funds including employer, personal, industry and RSAs.

An 18 per cent rebate will be available for those who pay up to \$3,000 a year into the super fund of a spouse who does not work or works part-time.

The Coalition has also promised to "examine" allowing access to superannuation funds for housing.

Transport — by Steve Lewis

Tony Papaconstntinos has a message for the Coalition: "We are not going to lie down; we feel very strongly about cabotage, as we do about ANL [Australian National Line]."

The Coalition's stunning electoral victory and its aggressive stance on shipping and waterfront reform ensures the Howard Government will go head-to-head with the militant Maritime Union of Australia [MUA], of which Mr Papaconstntinos is joint national secretary.

The waterfront is expected to be the industrial hot-spot, with the Coalition vowing to abolish cabotage (which

prohibits foreign vessels and crews from engaging in coastal shipping) as well as freeing-up the trans-Tasman route for foreigners.

Unlike the previous Labor administration, a Howard Government will not cave into the MUA on the sale of the national shipping line, ANL.

And, for good measure, a Howard Government will reinstate the secondary boycott provisions of the Trade Practices Act and encourage "enterprise" unions to set up in direct competition to the MUA.

All of which indicates that Australia's exporters and importers are in for some tumultuous times.

Yesterday, the MUA boss said the union was "going to try to work" with the incoming Government. But with Mr John Sharp, the likely Transport Minister, recently describing the MUA as an "obstructive dinosaur", the chance of industrial harmony is not high.

Privatisation — by Steve Lewis

Telstra is the jewel in the Coalition's privatisation crown. But a number of other government-owned assets will be sold in John Howard's first term as Prime Minister, including development financier AIDC [Australian Industry Development Corporation] and shipping line ANL.

In total, public assets worth about \$15 billion will be sold by the Howard Government — a veritable privatisation feast for Australia's brokers and bankers.

First item on the privatisation agenda will be the remaining 50.4 per cent of the Commonwealth Bank owned by the government.

The Coalition is committed to Labor's federal airports sell-off, although Mr Howard has said he will not sell Sydney Airport until after the environmental impact assessment on the proposed Sydney West airport is conducted.

In a bid to neutralise community concern over privatisation, the Coalition has given a commitment that sales will proceed only in line with a "national interest" charter, including evidence of a "clear public benefit".

The privatisation of ANL dogged the former Labor administration, with the Maritime Union of Australia successfully thwarting its sale. The Coalition will not be as accommodating to the hardline MUA.

AIDC will be sold but it will not be a priority.

Taxation — by Nina Field

While an incoming Coalition government will not provide a comprehensive overhaul of the tax system it

will provide some relief for business with changes to capital gains tax [CGT], fringe benefits tax [FBT] and the provisional tax uplift factor.

The biggest capital gains tax initiative on the agenda is the extension of rollover relief to allow businesses to defer tax liability on assets and businesses worth up to \$5 million sold for purpose of upgrading.

The rollover relief will be available once every five years and will apply to equipment and machinery, goodwill, land, mining rights and government licences.

But the Coalition is yet to spell out exactly what its definition of an upgrade is.

Other CGT initiatives include increasing the time period of CGT exemption for people who sell an inherited house from 12 to 24 months and an exemption from CGT when a business is sold to fund retirement.

The Coalition also vowed to introduce new FBT initiatives aimed at reducing the compliance and administrative burden on business.

It also plans to reduce the compliance costs associated with FBT on entertainment and parking.

The provisional tax uplift factor is due to be cut from 8 to 6 per cent, and employee share schemes will be allowed to defer income tax if they have two-thirds of permanent employees involved.

Health — by Louise Dodson

Australia's \$18 billion health industry faces restructuring as the new Coalition Government injects \$1.1 billion over three years into rebates for private health insurance.

The Coalition's policy maintains funding for public hospitals and retains Medicare and bulk billing, but dramatically favours people with private insurance. The centrepiece of the policy is a new scheme of cash or tax rebates for those with private health insurance.

Families earning up to \$70,000 will qualify for a rebate of \$450 a year, couples will qualify for \$250, and singles earning up to \$35,000 will be able to claim \$125 from July 1 next year. The aim is to stop people leaving health insurance funds and so ease pressure on the public hospital system.

The Coalition also announced a number of initiatives aimed at reforming the medical professions. General practitioners [GP's] will be protected by measures aimed at curbing the ability of foreign doctors to practice in Australia. GPs also will run the planned co-ordinated care trials aimed at improving medical and other services for the chronically ill or frail.

And patients will have to go back to GPs before being referred from one specialist to another, to counter potential overuse of specialists.

However, \$100 million will be cut from a Labor program designed to improve GP practices.

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